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THE UNIVERSITY OF ALBERTA

SUBNATIONAL INTERESTS AND THE FORMULATION OF CHINESE FOREIGN POLICY DECISIONS

by

© DAVID COOK

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH

IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE

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To Gloria.

ABSTRACT

The purpose of this study is to determine whether subnational forces in the People's Republic of China influence that state's foreign policy decision-making. An interest group approach is employed to analyse subnational interests, power, and access in two case studies of Chinese foreign policy decisions. Chapter I examines alternate approaches to the use of an interest group approach, and considers criticisms of the framework employed. Chapter II sets out the theoretical underpinnings of the study. Chapters III and IV present the results of research on two cases in which subnational interests were brought to bear on Chinese foreign policy decisions. Chapter III presents an analysis of the decision to import wheat in 1961, and Chapter IV an analysis of the 1955 overseas Chinese remittance protection policy. Chapter V draws together the principal findings, evaluates the case studies in terms of the group approach, and assesses the general utility of the approach to analysis of Chinese foreign policy decisions.

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CHAPTER I

INTRODUCTION

The principal question addressed in this study is whether sub-national groups in the People's Republic of China (PRC) influence that state's foreign policy. It is relatively well established that on occasion, interest groups in communist states do influence domestic policy-making in directions favorable to their interests.[1] It seems reasonable to presuppose that interest groups in communist states could also exercise an influence on foreign policy decision-making. The focus of this study is to determine whether or not this is the case with respect to Chinese foreign policy.

It is not the purpose of this work to ask why interest groups influence foreign policy behavior; it is to ask if interest groups do influence that behavior in the Chinese case. The two questions are not the same and, quite clearly, it makes no sense to pursue the former (a theoretical question) without having first investigated the latter (an empirical question). If empirical research were to find that interest groups in China do not influence that state's foreign policy, then the appropriate question would be, why do interest groups not influence foreign policy behavior? Thus, the starting point is to ascertain whether or not such a relationship exists.

There are two reasons for asking this fundamental question. As the PRC's involvement in global politics continues to grow, and increasingly comes to have a profound impact on international relations, the need to understand more fully that state's foreign policy behavior

is a pressing practical necessity. In this sense, we need to know why certain available alternatives become authoritative binding decisions, and others do not.

Secondly, it has often been said that the PRC's domestic and foreign policy are closely inter-related; changes in China's domestic policy have been associated with changes in the external behavior of that state.[2] Moreover, it has been argued that in China political power has a tendency to accrue to the provincial level.[3] These observations suggest that an investigation positing subnational actors - provinces and provincial decision-makers - as key determinants of Chinese foreign policy may be fruitful. This implication is strengthened in light of recent analyses indicating that with respect to domestic determinants "independent variables that focus solely on subnational actors are the most successful in predicting [foreign policy] behavior, and the least employed."[4] Despite these considerations, systematic analysis of subnational actor-specific variables as a domestic source of Chinese foreign policy has been neglected.[5]

In the case of Chinese foreign policy, there are three basic reasons why subnational actors have been ignored: a concentration on national level politics, the use of approaches discounting the significance of subnational influences, and the use of approaches which focus on domestic variables but do not link them to policy outputs. Subnational influences on Chinese foreign policy have been ignored due to a longstanding bias toward studying politics at the national level, especially politics among the national leadership elite. Donald Zagoria and Uri Ra'anan have undertaken detailed studies of the foreign policy debates among central level leaders regarding the Chinese role in the

Vietnam War.[6] Similarly, Robert Rogers has assessed foreign policy differences among the national leadership elite in the Democratic Republic of Vietnam.[7] In studies such as these the principal difficulty is that the foreign policy issues and the positions advocated by national elites have not been linked to inputs from the larger domestic environment. It is assumed that the views held and the influence exercised by national leaders on foreign policy decision-making are divorced from other domestic political actors. Even though the individuals involved in such disputes oversee specific organisations and their domestic clientele, the latter have been overlooked as a source of disputes among the former and hence neglected as an independent influence on foreign policy decision-making.

A related but distinct reason for not investigating subnational influences on foreign policy is that the analytical frameworks employed to explain outputs have treated independent variables in the domestic environment in a very limited, general fashion, if at all. Two of the approaches most frequently used to illuminate China's external behavior largely discount them.[8] The totalitarian model, with its stress on the unassailable authority of the Party on policy matters and its denial of inputs from the larger domestic environment is clearly not well suited to dealing with the problem. In part, it is on the assumption that "politics in the totalitarian system is confined to the highest stratum because of its monopoly of power" that "the study of the lower echelons ... has been regarded ... as ultimately irrelevant."[9] Along with a number of other assumptions in the totalitarian model, this assumption was repeatedly contradicted by the political realities of the Cultural Revolution. For analysts of Chinese politics, the Cultural

Revolution was a discomfiting yet clear signal that there was a large, perhaps unbridgeable gap between the model's description of China and its real world counterpart. One important lesson was that the totalitarian model had been masking many domestic sources of influence:

> The assumptions of the totalitarian approach, and of the alleged paucity of data, may be partly responsible for the tendency to slight the impact of institutions and highlight the ability of the leader to make policy with little mind to institutional or societal influences and constraints ... the picture of an Olympian Mao moving men and bureaucracies is illusory ... leaders are often under organizational pressures, and the policies they adopt can be similarly subject to organizational and societal constraints.[10]

Similarly, the rational actor model of foreign policy decision-making marginalises domestic inputs into foreign policy behavior; the model treats any state as a single, monolithic unit which responds to external stimuli.[11] Thus, in both of these approaches no provision has been made for domestic inputs in the broad Eastonian sense of the term: governmental and societal influences on policy making (domestic and foreign) are regarded as largely irrelevant.

A modified version of the rational actor model can take into account, to some extent, both internal and external influences on foreign policy. The internal determinants, however, are not actor specific: ideology, nationalism, economic development needs and defense imperatives are frequently introduced as domestic influences on Chinese foreign policy.[12] James Rosenau has criticised the use of such internal determinants because they are "broad and unmanageable" concepts which only obscure and subsume important component factors.[13] A second difficulty with these concepts is that they beg the question of why a decision

legitimising a particular development or defense need was taken in the first place. Concomitantly, they leave unexamined the underlying domestic forces which produced the decision. In a recent article, Chalmers Johnson adopted a modified rational actor model and identified economic development and defense needs as key internal influences on China's new foreign policy initiatives.[14] In considering defense needs, he wrote that "China needs to modernize its conventional armed forces, and Hua Kuo-feng's backers in the army have shifted their defensive strategy from Mao's 'people's war' to a more conventional defense."[15] "Thus, the Chinese have begun to send military missions abroad to see if they can buy some of the items they need."[16] Conceptualising internal determinants in broad, general terms seems to blur the explanandum with its consequences. Johnson comes close to saying that the reason there are Chinese military purchase missions abroad is that a decision was made to acquire arms from foreign suppliers. Thus, positing defense needs as a domestic influence in this case is to accept a foreign military procurement policy without having examined the internal influences which produced that policy.[17] The more interesting question is why such a decision was made in the first place.

Finally, there are alternative analytical approaches which concentrate on aspects of the domestic environment, but have important limitations in explaining foreign policy outputs. A political culture approach, for example, focuses on the political values and attitudes which shape political behavior. This approach is useful for identifying the constraints on action or the rules of the game.[18] However, to explain variation in policy outputs on the basis of political culture

implies that one must argue that a nation's political culture in some way varies significantly and quite frequently. This clashes with an essential attribute of political culture; its fixed and slow changing nature.[19]

The question of whether subnational groups influence China's foreign policy is important, then, because it draws attention to a potentially significant domestic source of variation in foreign policy outputs which has not received the consideration it deserves.[20] Unlike other analytical frameworks, the group approach is well-suited to investigate this question for three reasons. First, a focus on interest groups concentrates attention on the diversity of interests, competition, and conflict in the domestic environment. Thus, it satisfies the need to isolate and define a particular type of domestic determinant (subnational, actor specific sources of influence). Second, the approach is designed specifically for the explication of policy outputs. It is not an inherent requirement of the approach that the policy output to be explained must be domestic; foreign policy outputs are equally amenable to group analysis. In principle, the group approach can take account of the rich variation in foreign policy outputs much more satisfactorily than an approach assuming a stable and uniform pattern of domestic inputs and, therefore, policy outputs. Finally, the group approach offers a distinct advantage over other frameworks. In positing actor specific domestic determinants, mediated by their interests, power resources, and access to a decision centre, the group approach provides the vital conceptual linkage between domestic politics and foreign policy.

Despite these advantages, the group approach has been criticised when used to analyse communist politics.[21] It has been argued that the interest group approach does not describe actual political processes in the Soviet Union; that there is a gap between the approach's description of political phenomena and the realities of Soviet policy-making processes.[22] Whether this argument applies in the Soviet case continues to be debated, and its validity in the Chinese case is questionable. As argued earlier, there is reason to believe that applying the group approach in the Chinese case may contribute to better understanding the domestic determinants of Chinese foreign policy.

A more sophisticated argument has been made against the group approach.[23] The interest group approach has an intimate historical association with pluralism as both political philosophy and ideology. When applied to empirical research, this association had the effect of directing attention to the political participation of groups in society rather than in the governmental structure. Interest groups provide an organised forum through which citizens participate in the governance of a society. In the case of communist states, the presence of one dominant party, restrictions and prohibitions on the establishment of mass-level associations, the fragmentation of interests within occupational groups, and the possibility that group leaders do not actually represent the membership of legally sanctioned interest groups have been all adduced to argue that an interest group approach does not describe the reality of politics in communist states. In other words, the approach is held not to describe the role of societal level associations in communist states.

At the same time, it is recognised that institutional interest groups, particularly components of the state bureaucracy, are "prominent in the political processes of Communist states."[24] The role and influence of institutional groups is considered to depend on whether the party is strong or weak; so long as one recognises that group-centered processes occur within or through the party, the group approach may well be appropriate.[25]

Objections have been raised, however, to using the approach to examine non-mass-level associations. On the assumption that interest groups are creatures of the private sector, it has been argued that the group approach cannot be applied to organised entities in the public sector.[26] However, Earl Latham introduced theoretical refinements which ensure that the approach is amenable to studying public sector groups.[27] The competition and conflict characteristic of private groups seeking to influence public policy is also found among official bureaucratic groups in the state apparatus.[28] More generally, the objection has lost credibility as a result of analyses of communist politics which have taken the group approach as a means to organise data and explain decisions in which institutional, public sector entities were key participants.

Parenthetically, it is interesting to note that whereas treating public institutions as interest groups has been a matter in dispute in communist studies, it has not become a point of contention in the study of noncommunist politics. Martha Derthick, for example, has made a case study of what she considers to be "one of the most successful pressure groups" in the American political system. The pressure group

in question is the National Guard: a group with an official, public character that is part of the government apparatus. As to the propriety of treating a public institution as an interest group, Derthick only points out that as a governmental group, the Guard "cannot be considered a typical pressure group...".[29] That public institutions can normally be regarded as interest groups in noncommunist systems while requiring explicit justification and defense in the study of communist politics is, at best, a curious theoretical inconsistency.[30]

There is one final objection which should be mentioned. The group approach consists of six concepts: groups, interests, power resources, access, policy formulation, and policy outputs. The first five represent the cluster of independent variables for which empirical evidence is gathered to explain the dependent variable, a policy output. It has been pointed out that the group approach fails to illuminate actual decision-making processes as they occur within decision-making centres. This difficulty results from a characteristic paucity of relevant information concerning the decision-making process per se. Without denying this to be the case, there are two reasons for arguing that the decision-making process per se can be viewed as a constant (black-boxed, or left unexplained) rather than as a variable for purposes of interest group analysis. First, it should be borne in mind that the group approach directs attention to political pressures brought to bear upon decision-makers which originate beyond the decision centre itself, not from within it.

Equally important, one can explain policy outputs without recourse to a full, direct causal explanation which would incorporate a

consideration of the decision-making process per se. One can explain policy outputs, for example, in terms of manifest group interests without recourse to other concepts and related supporting evidence: "the analytical linking of certain manifest interests with certain policy outputs is a case of indirect causation."[31] A case of direct causation entails research on the concepts of access and policy formulation.[32] Therefore, recognising the problems of researching the policy formulation process, explanation can be improved upon by an empirical consideration of the access which involved groups have to a decision centre. Though still not a maximal exploitation of the analytical framework, one can explain policy outputs in terms of group interests, power resources, and access without recourse to empirical evidence concerning the decision-making process. Thus, without denying the difficulties of analysing the decision-making process, it is in any case not absolutely essential to do so.[33] In the case studies presented later it is precisely this method which has been used: in order to explain policy outputs, the investigations focus on involved groups, their interests, power resources, and access to relevant decision centres. Actual policy outputs become an essential point of evidence.

The balance of the dissertation consists of four chapters. In Chapter II the theoretical underpinnings of this study are set out. The group approach is examined, and the question of group politics under non-democratic conditions is discussed. Chapters III and IV present the results of research on two cases in which subnational interests were brought to bear on Chinese foreign policy decisions: the PRC's decision to import wheat in 1961 and the overseas remittance protection policy

made in 1955. Chapter V draws together the principal findings, suggests reasons why subnational interests and foreign policy are interrelated, and identifies some researchable problems amenable to group analysis.

FOOTNOTES TO CHAPTER I

1. For example, see H. Gordon Skilling and Franklyn Griffiths (eds.), Interest Groups in Soviet Politics, (Princeton: Princeton University Press, 1971); Joel J. Schwartz and William R. Keech, "Public Influence and Educational Policy in the Soviet Union," Roger E. Kanet (ed.) The Behavioral Revolution and Communist Studies, (New York: The Free Press, 1971), pp. 151-186; Philip Stewart, "Soviet Interest Groups and the Policy Process: The Repeal of Production Education," World Politics, Vol. XXII, No. 1, October 1969, pp. 29-50. Theodore H. Friedgut, "Interests and Groups in Soviet Policy-Making: The MTS Reforms," Soviet Studies, Vol. XXVIII, No. 4, October 1976, pp. 524-547; Donald R. Kelley, "Environmental Policy-Making in the U.S.S.R.: The Role of Industrial and Environmental Interest Groups," Soviet Studies, Vol. XXVIII, No. 4, October 1976, pp. 570-589; Andrzej Korbonski, "Bureaucracy and Interest Groups in Communist Societies: The Case of Czechoslovakia," Studies in Comparative Communism, Vol. 4, No. 1, January 1971, pp. 57-79.

2. Vidya Prakash Dutt, China and the World: An Analysis of Communist China's Foreign Policy, (New York: Frederick Praeger, 1967), begins his study with this observation, p. 1. Andrew Nathan, "Policy Oscillations in the People's Republic of China: A Critique," China Quarterly (CQ), No. 68, December, 1976, has characterised the assumed relationship in the following terms: "The leftist domestic line often seems to be associated with a relatively isolationist and ideological foreign policy. Stressing ideology at home, the government does the same abroad by pursuing ultimate ends, such as world revolution, at the expense of short-term gains such as recognition or trade; it can afford to do so since it is pursuing a self-reliant economic strategy at home. The rightist foreign policy lines are more outgoing and flexible. Where appropriate, China seeks relations with governments of whatever ideological complexion, in order to seek short-term gains in international conferences and trade negotiations." pp. 723-724.

3. Franz Schurmann, Ideology and Organization in Communist China, 2nd Edition (Berkeley: University of California Press, 1970), pp. 192-194.

4. John Vasques, "Statistical Findings in International Relations: A Data Based Assessment," International Studies Quarterly, Vol. 20, No. 2, October 1976.

5. James Oliver, Robert Broadman, Roger Dial, "A Quantitative Measure of Causal and Consequential Explanation in the Literature on Chinese Foreign Policy," Roger Dial (ed.) Advancing and Contending Approaches to the Study of Chinese Foreign Policy, (Halifax: Dalhousie University, Centre for Foreign Policy Studies, 1974), pp. 51-92. An extensive analysis of the Chinese foreign policy literature, this study revealed, among other things, that "scholars as a whole tend to lay

emphasis on more general internal determinants of Chinese foreign policy; relatively less emphasis on external variables; and, very much further down the scale, still less on the internal variables that can be pinned to clearly identifiable actors or groups with[in] China." p. 81. Thus, those variables regarded as most promising by Vasques are the least employed in Chinese foreign policy studies. The "general internal determinants" referred to by Oliver et al. include non-actor variables such as ideology, aggressive drives, xenophobia, economic development requirements, and defense needs. The least used variable cluster included actor specific variables such as Mao, the CCP, leadership factions, and the foreign affairs bureaucracy. Interest groups of course also fell into this variable cluster. See pp. 56-57, 83-86. Audrey Donnithorne, "The Internal Development and External Relations of China with Especial Reference to the Future of Sino-Soviet Relations," Australian Outlook, August 1969, pp. 144-157, and Roger Dial, "Looking for Functional and Regional Interests as Independent Variables in Chinese Foreign Policy: The Sino-Burmese Border Case," prepared for presentation at the Western Conference of the Association of Asian Studies, Salt Lake City, November 9-11, 1972, 62 pp. (mimeographed) have drawn attention to subnational actor specific determinants of foreign policy. Donnithorne suggested that provincial foreign trade interests shape Chinese foreign trade policy. Dial identified six groups which had various interests at stake in the border case, including provincial military and minority affairs officials.

6. Donald Zagoria, "The Strategic Debate in Peking," pp. 237-268; Uri Ra'anan, "Peking's Foreign Policy 'Debate', 1965-1966," pp. 23-71, both in Ping-ti Hou and Tang Tsou (eds.) China in Crisis: China's Policies in Asia and America's Alternatives, (Chicago: University of Chicago Press, 1968), Vol. II.

7. Robert Rogers, "Policy Differences within the Hanoi Leadership," Studies in Comparative Communism, Vol. IX, Nos. 1-2, Spring-Summer 1976, pp. 108-128.

8. Cf. Robert Boardman, "Themes and Explanation in Sinology," Roger Dial (ed.) Advancing and Contending Approaches to the Study of Chinese Foreign Policy, (Halifax: Dalhousie University, Centre for Foreign Policy Studies, 1974), pp. 5-50 presents a critique of the implicit assumptions and theoretical shortcomings prevalent in the study of Chinese foreign policy. On the basis of the study of James Oliver et al. one can conclude that these are the two dominant approaches. See James Oliver et al., "A Quantitative Measure..."

9. John Bryan Starr, Ideology and Culture, (New York: Harper and Row, 1973), p. 4.

10. Steven Goldstein, "China: Four Explanations," Studies in Comparative Communism, Vol. VIII, No. 3, Autumn 1975, p. 271. Also see, pp. 248-274.

11. For a recent application of the model, see Steve Chan, "Chinese Conflict Calculus and Behavior: Assessment from a Perspective of Conflict Management," World Politics, Vol. XXX, No. 3, April 1978, pp. 391-410. For a description of the model, see Graham Allison, Essence of Decision: Explaining the Cuban Missile Crisis, (Boston: Little, Brown and Co., 1971).

12. James Oliver et al., "A Quantitative Measure..."

13. James Rosenau, "Pre-theories and Theories of Foreign Policy," R. Barry Farrell (ed.), Approaches to Comparative and International Politics, (Evanston: Northwestern University Press, 1966), pp. 28-30.

14. Chalmers Johnson, "The New Thrust in China's Foreign Policy," Foreign Affairs, Vol. 57, No. 1, Fall 1978, pp. 125-137.

15. Ibid., p. 129.

16. Ibid., p. 133. Johnson's treatment of the external factors is not being considered here, of course.

17. Also, it tends to reinforce the implicit assumption that the decision-makers and other participants were united on the importance of responding to defense needs in the face of other competing domestic needs. The point is that "defense needs" - the need to modernise conventional armed forces and a shift within the military to a conventional defense strategy - do not necessarily entail a decision to buy arms abroad. A decision might have been made, for example, to increase research and development appropriations substantially to defense industries in order to build conventional arms at home. In this regard, it might have been hypothesised that, although the PLA shifted to a conventional defense strategy, the defense industry sector continued to support some other position - i.e., building a nuclear defense capability at home.

18. Richard M. Solomon, Mao's Revolution and the Chinese Political Culture, (Berkeley: University of California Press, 1971) brings the political culture approach to bear on domestic Chinese politics.

19. Thus, a political culture approach may be admissible if the purpose were to explain broad, historical trends and shifts in a state's foreign policy orientations. The point made here is that it is not a promising approach to the explanation of specific decisions or a series of decisions made in a narrow timeframe.

20. This is not the case with respect to other communist states. On the Soviet Union, see for example, Vernon Aspaturian, Process and Power in Soviet Foreign Policy (Boston: Little, Brown and Co., 1971), pp. 565-585; David W. Paul, "Sources of Soviet Foreign Policy," David S. McLellan, William C. Olson, and Fred A. Sondermann (eds.), The Theory and Practice of International Relations, 4th edition,

(Englewood Cliffs: Prentice-Hall Inc., 1971), pp. 142-147; and Ilana Dimant-Kass, "The Soviet Military and Soviet Policy in the Middle East, 1970-73," Soviet Studies, Vol. XXVI, No. 4, October 1974, pp. 502-521. In addition to Robert Rogers' study of Hanoi leaders, Bernard Fall, "Power and Pressure Groups in North Vietnam," CQ, No. 9, January-March 1962, pp. 37-46 has analysed group interests bearing on domestic and foreign policy in the Democratic Republic of Vietnam.

21. The following discussion is based on the critiques by William Odom, "A Dissenting View on the Group Approach to Soviet Politics," World Politics, Vol. XXVIII, No. 4, July 1976, pp. 542-567; Andrew Janos, "Group Politics in Communist Society: A Second Look at the Pluralistic Model," Samuel P. Huntington and Clement H. Moore (eds.), Authoritarian Politics in Modern Society: The Dynamics of Established One-Party Systems, (New York: Basic Books, Inc., 1970), pp. 437-450; and Joseph LaPalombara, Politics Within Nations, (Englewood Cliffs: Prentice-Hall, Inc., 1974), pp. 314-369, especially pp. 335-349. Also see, Joseph LaPalombara, "Monoliths or Plural Systems: Through Conceptual Lenses Darkly," Studies in Comparative Communism, Vol. VII, No. 3, Autumn 1975, pp. 305-332.

22. William Odom," A Dissenting View..." develops this argument.

23. Joseph LaPalombara, Politics Within Nations, pp. 335-349.

24. Ibid., p. 344.

25. Ibid., pp. 344-349.

26. William Odom, "A Dissenting View...," p. 549.

27. Earl Latham, "The Group Basis of Politics: Notes for a Theory," Frank Munger and Douglas Price (eds.) Political Parties and Pressure Groups, (New York: Thomas Y. Crowell Co., 1964), pp. 32-57.

28. Ibid., pp. 51-55.

29. Martha Derthick, The National Guard in Politics, (Cambridge: Harvard University Press, 1965), pp. 1-3.

30. On the question of whether there is an essential difference between communist and noncommunist systems from a group perspective, see the discussion on Arthur Bentley in Chapter II.

31. Roger Dial, "The Interest Group Approach in the Analysis of Chinese Foreign Policy," Roger Dial (ed.) Advancing and Contending Approaches to the Study of Chinese Foreign Policy, (Halifax: Dalhousie University Centre for Foreign Policy Studies, 1974), p. 368. Dial discusses the nature of direct and indirect, minimal and maximal explanations using the group approach at pp. 366-368.

32. Ibid., p. 368.

33. This question is raised and treated in Chapter II. See pp. 23-26.

CHAPTER II

THE INTEREST GROUP APPROACH

Introduction

The conceptual framework presented in this chapter is used to explain the foreign policy outputs posited in Chapters III and IV. In addition to discussing the analytical framework, this chapter presents Arthur Bentley's hypothesis on group activity in nondemocratic states, and sets out a classification scheme for groups in communist states. The classification scheme and Bentley's hypothesis provide an answer to the question, which types of interest groups are likely to influence the decision-making process in communist states? Finally, the question of influence is also considered in this chapter. Specifically, the grounds upon which certain interest groups are considered as having exercised influence on the decision-making process are presented and discussed.

The debate in the literature concerning the applicability and utility of the group approach to communist politics exists in no small measure because of a specific theoretical confusion. The confusion arises due to an assumption, usually posited implicitly. It is assumed that there is a necessary connection between democracy and pluralism on the one hand, and the presence and political activity of interest groups on the other. If one accepts this assumption, the term "interest group" refers to a private, voluntary, nongovernmental association able to exert pressure primarily through the voting power it represents or can influence to support or oppose electoral candidates. Significantly, Arthur Bentley did not accept the assumption whereas David Truman did.

It should be clear that Bentley did not regard interest groups as a peculiarly American phenomenon. Neither did David Truman, his principal interpreter.[1] Unlike Bentley, Truman was presenting a limited argument. Group activity, he asserted, was "visible in every country where freedom of association is an element in the constitutional fabric."[2] In other words, Truman explicitly restricted his study to groups in democratic states. More exactly, he used the term "interest group" to identify voluntary, private, associational, nongovernmental entities existing outside the formal institutional structure of the polity. When scholars hotly deny the presence of interest groups in communist states, they generally are adopting Truman's ethnocentric use of the more general concept.

Bentley's Hypothesis

To the extent that Truman hypothesised the democracy-interest group relationship to be a necessary and binding one, it is worthwhile to review Bentley's position on the question of groups in non-democratic states in order to present a competing hypothesis. Writing in 1908, Arthur Bentley, the modern expositor of a group approach to social analysis, did not present a method for the analysis of American society exclusively or democratic societies in general. Bentley most clearly went beyond such a limiting context in his extensive discussion of group political activity in non-democratic states.[3]

Bentley posited a continuum along which governments could be placed, ranging from a "pure despotism" to a "pure democracy". He defined "pure democracy" as "a government in which every interest would be able to find a technique for organizing and expressing itself in a system

in which every other interest was equally expressed on 'fair' terms, so that in the final course of action all interests would get their 'due' weight."[4] This definition, it will be noted, corresponds closely to the type of system in which plural, competing, private groups are active, i.e. to a pluralistic, open democratic system. "Pure despotism" was defined as "a government consisting of an individual who passes personally on every group antagonism at its very inception and allays it by appropriate action."[5] In a pure despotism every interest cannot organise or express itself, all interests are not equitably expressed, and all interests do not have "due" weight in the decision-making process. Although Bentley's "pure despotism" lacks some of the defining features of a totalitarian system,[6] the important point is that Bentley was hypothesising a non-democratic, non-pluralistic political system as the polar counterpart of a democratic, pluralistic system.

Both of the pure types and all systems which may fall in between them "are but the interest groups wrestling with one another. In all of them we have interest groupings finding their leadership in portions of the government."[7] In other words, along the continuum there is substantial variation with respect to the structures available for the articulation of group interests. Bentley did not think it possible to "assuredly state that the method of the one will serve as the method of the others."[8] Generally speaking, different political systems could be expected to have different articulation structures available to groups. Not all groups may be able to use them, but in all countries there are some kinds of structures available to some groups for the articulation of their interests.[9]

According to Bentley, all political systems are dependent upon political support from groups in the state apparatus and from some groups in society at large.[10] He singled out, as especially important, the groups upon which the political authorities depend for the execution of decisions. Such groups will have a "well organized system for bringing their interests ... to expression."[11]

Bentley indicates that in nonplural systems the government apparatus has some degree of territorial and functional specialisation and differentiation entailing at least "the rudiments of a division of power" which, in turn, precludes wholly arbitrary and unilateral decisions being reached by the political leadership. Moreover, the participation of power-holding territorial and/or functional groups is promoted by virtue of their capacity to grant or withhold political support, especially support for the implementation of decisions.[12] Bentley is hypothesising that in nondemocratic or nonpluralistic systems, the groups having organised structures to articulate their interests and access channels to decision-making authorities are those functional and territorial groups within the governmental apparatus which perform policy implementation functions.

Those groups in society upon which the government or some component of it does not usually rely for political support, especially in the implementation of decisions, "will have much greater difficulty in expressing themselves. They cannot organize permanently, and lack political labor-saving devices. It is only in their greatest needs that they can make themselves felt."[13] In different language, groups which lack organised structures of interest articulation and access to relevant

decision-making centres will be restricted to unorganised modes of interest articulation, tending toward a type of activity not unlike that which Almond and Coleman have labeled "anomic".[14]

It is clear that Bentley is suggesting that in states approaching the "pure despotism" or nonpluralistic pole of his continuum, the groups actively involved in the political process become increasingly limited in number and variety, and tend to be almost exclusively functional or territorial components of the governmental apparatus itself. Approaching the nonplural pole, the politically active groups are to be found within the institutions of government rather than within the society at large.

Even in those cases which approach a "pure despotism", that is a total nonplural condition, Bentley expected that the demands of governance were such that at least those comparatively few groups existing within the governing institutions would articulate their interests and have access to relevant decision-making centres. Societal or intermediate groups, on the other hand, may well be absent in organised form, be discriminated against with respect to interest articulation and access channels, and perhaps be forced to resort to spontaneous violent outbursts if their interests were to be expressed and perhaps accommodated.

At some point away from the extreme nonplural pole, societal groups would fare somewhat better, according to Bentley. The attainment of organised formal access tends to be related to, and reflected in, the differentiation of existing governing institutions.[15] It appears, therefore, that as the institutions of government become increasingly differentiated and their parts increasingly specialised (and to the extent that they are required for the satisfactory implementation of decisions),

societal groups indirectly acquire both the means to articulate their interests and formal access to relevant decision-making centres. By the same token, to the extent that societal groups are involved in the performance of policy implementation functions, are the target of governmental activities, or are in some other way in a position to grant or withhold political support, they gradually acquire mechanisms of articulation and access to relevant decision centres.[16]

In effect, Bentley is suggesting that in some nonplural systems the groups which perform policy implementation functions include not only those existing within the governmental apparatus but also may include some groups existing beyond it; societal groups which are formally organised and, therefore, have the capability to articulate their interests are also likely to be involved in the policy-making process.

To summarise, Bentley hypothesises that certain types of groups are politically active in nonplural, nondemocratic societies. First, those functional and territorial groups within the governmental apparatus which perform policy implementation functions will be politically active on appropriate policy issues. Second, societal groups involved in the performance of policy implementation functions are likely to be participants in relevant policy-making processes. Third, any group which is able to acquire an organisational base is a potential participant. The politically inactive comprise the bulk of the society's members. Any group upon which the political leadership does not depend for advice, assistance, information or cooperation to ensure successful policy implementation is excluded, ignored, disregarded, or dismissed from a role in the policy-making process. Similarly, any group unfortunate enough to

lack an organisational base is poorly equipped to articulate interests and achieve access to decision-makers. Without an organisational base, a group will remain voiceless until and unless anomic activity occurs.

In light of Bentley's hypothesis it is worthwhile to characterise the main types of interest groups which could be potential participants in the policy process of non-democratic states. In doing so it will be possible to specify more precisely the likely participants.

Group Classification

Gabriel Almond identified institutional, nonassociational, anomic, and associational interest groups as the four main types of structures involved in interest articulation.[17] These four types of structures are based on two distinctions. The first distinction is between structures which are ostensibly unorganised or have highly limited organisation and those which are formally organised structures of interest articulation. Institutional and associational interest groups are formally organised structures whereas nonassociational and anomic groups are not.

The second distinction is between structures which have specified political, economic, or social functions other than interest articulation and structures which are specialised with respect to interest articulation. Institutional and nonassociational groups have functions other than interest articulation but associational and anomic groups are specialised articulation structures. This second distinction, drawn between multifunctional and specialised structures of interest articulation, has been called into question in the light of theoretical and empirical research.

Mancur Olson has persuasively argued that many associational groups

are multifunctional structures, performing a range of economic and social functions in addition to the lobbying function.[18] In effect, Olson argues that associational groups "obtain their support mainly because they perform some function besides lobbying."[19] The articulation function is, to use Olson's term, a "by-product" function performed by associational groups "that obtain their strength and support because they perform some function in addition to lobbying for collective goods."[20] That is to say, associational interest groups perform functions other than and in addition to interest articulation. In the light of Olson's work, the characterisation by Almond and Powell of certain groups as "specialised structures of interest articulation" is evidently inadequate on theoretical and empirical grounds. Implicitly, the distinction drawn between associational and institutional groups is called into question.

Empirical evidence other than Olson's also suggests that the multifunctional - specialised articulation structure distinction is problematic. Associational groups are commonly thought of as existing not within the machinery of government, but within a society. They are regarded as autonomous, societal structures of interest articulation. Autonomous associational groups similar to those found in western democratic states, however, are not to be found in communist states. Rather the communist counterpart is an associational structure tied to the state apparatus.[21] Most of these structures are nongovernmental mass organisations created, licensed and recognised by the state.[22] Significantly, mass organisations usually function as administrative arms of the state apparatus by performing policy-implementation and mass mobilisation functions. In China, mass organisations are formally vested with a

representative function and legally responsible for the defense of member interests and the articulation of those interests.[23] The non-governmental organisations which exist in China and those which are generally to be found in communist states are, therefore, formally multi-functional structures.

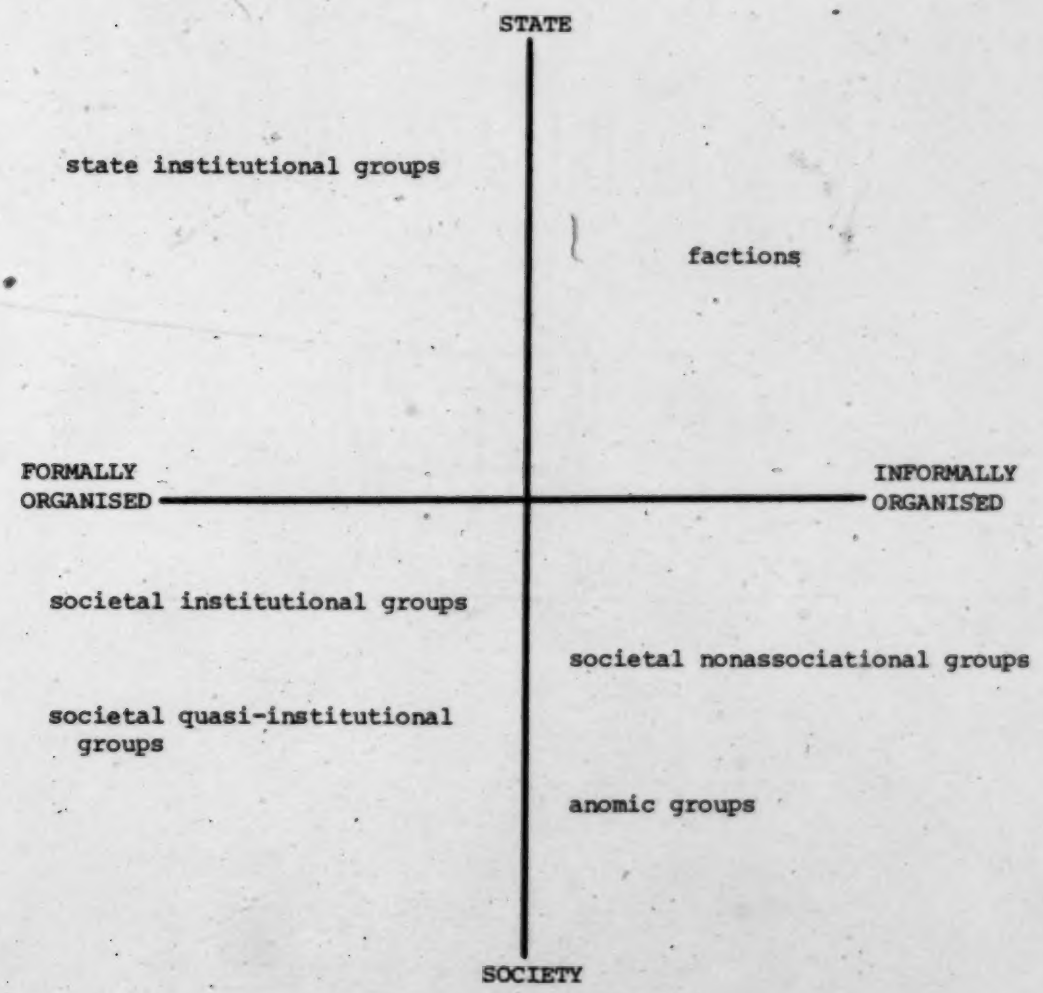
Olson's theoretical argument and the position of nongovernmental organisations in China and other communist states suggest that communist nongovernmental multi-functional structures are quite similar to institutional structures as defined by Almond and Powell. In other words, organised groups in communist states are not designed as specialised structures principally for interest articulation, but are intended to perform other political, economic or social functions.

Thus, to classify groups in communist states it is not very useful to retain the second distinction made by Almond and Powell. There is utility, however, in applying a more traditional distinction; specifically, a distinction between those groups which exist within and beyond the state apparatus. A classification scheme for groups in communist states, in other words, can be generated on the basis of two distinctions. Following Almond and Powell, groups may be distinguished according to whether they are formally or informally organised entities. Second, formally and informally organised groups can be found in both the state apparatus and society at large. Using these distinctions, within the class of formally organised structures there are three types which may be used to articulate interests: state institutional groups, societal institutional groups, and societal quasi-institutional groups. Within the class of informally organised structures there are also three

types of articulation structures: factions, societal nonassociational groups, and anomic groups. The formally organised group typically found in Western states, the societal associational group, does not exist in communist states and is therefore not considered further.

The various types which are found in communist states have been graphically represented in Figure 1. State institutional groups exist within the party, government, and military apparatus at national and subnational levels. This type of group, therefore, may be found within such organisations as the Ministry of Foreign Trade in China and the Strategic Rocket Force in the Soviet Union. The characteristics of state institutional groups are the same as those of Almond and Powell's institutional groups: they exist within formal organisations "composed of professionally employed personnel, with designated political or social functions other than interest articulation."[24] Interest articulation is performed either by groups acting as "corporate bodies" or by formal and informal subgroups within these organisations (such as departments and branches, or intra-organisation occupation and skill groups) which "may articulate their own interests or represent the interests of other groups in the society."[25] The principal difference between Almond and Powell's use of the concept of an institutional group and that to which it is put here is that here a distinction is drawn between institutional groups which exist within the overall governmental apparatus and those which exist in society. The distinction, in other words, is between official institutional groups and both semi-official and non-official institutional groups.

Figure 1. Groups in Communist States



A non-official or societal institutional group is to be found within a formal organisation with a professional or technical membership performing social, economic, scientific, or cultural functions on an ongoing basis. By this term I mean to cover such organisations as the Institute of Economics of the Academy of Sciences in the Soviet Union, other research institutes and universities, and, in general, all organisations beyond the governmental apparatus which house individuals with professional and technical training and expertise. This would also include professional and technical associations which exist apart from the organisations within which specialists work for a living. In the Chinese case, James Townsend has identified two types of mass organisations which fall into the societal institutional class. Organisations such as the Chinese People's Institute of Foreign Affairs and the Chinese People's Association for Cultural Relations with Foreign Countries are involved in "high-level exchange visits", unofficial negotiations, and similar work. Their activities suggest that a level of expertise exists in these organisations which is not found in societal quasi-institutional groups; in these particular organisations, individuals possess diplomatic expertise. Societal level groups with some degree of professional or technical expertise, therefore, are classified here as societal institutional groups. Similarly, the type of mass organisation Townsend describes as "the professional or technical association that has a relatively small and exclusive membership and that engages in some 'private' activities of a professional or scholarly nature,"[26] is also classified as a societal institutional group. Chinese examples include the All China Federation of Natural Science Societies

and the All China Federation of Literary and Arts Circles. The distinction drawn, then, is between societal level organisations oriented to professionally trained and technically skilled individuals who are members of the intellectual stratum and those mass organisations which embrace the population at large.

Societal quasi-institutional groups consist of nongovernmental organisations created, licensed, and recognised by the state. The term quasi-institutional is used in part because these groups have a close relationship with, but are not formal components of the state apparatus. Moreover, they are not composed of specialists. Whereas state and societal institutional groups are elite groups organised along functional lines, societal quasi-institutional groups are mass level structures organised along broad occupational, ethnic, regional, or cultural lines. Three types of mass organisations which fall into the societal quasi-institutional category have been identified by Townsend. The first type consists of organisations with large memberships "primarily devoted to the political mobilization of their members and the population at large."[27] Typical examples include the Women's Federation, the Communist Youth League, and the Students' Federation. The second type of quasi-institutional group is composed of all mass organisations "designed to advance the Party line in international relations." For example, the associations for friendship with foreign countries would be included. The third type of quasi-institutional group includes rural production units. In other words, agricultural producer's cooperatives and people's communes are quasi-institutional groups. The cooperatives, for example, were empowered to exercise certain governmental functions, but were formally independent

of the basic-level government apparatus.[28]

Turning to informally organised structures of interest articulation, it is possible to identify one type within the state apparatus and two within society at large. Factions, which are informal groups within the state apparatus, tend to form on the basis of a shared ideological perspective. Membership also may be partially based on common generation, occupation, or class attributes as well as school ties, friendships, family connections, and personal loyalties.[29] Factions, then, are inclined to articulate particularistic interests, as opposed to institutional or collective ones.[30]

Generally speaking, informal articulation structures within society, including nonassociational and anomic types, can be regarded as informal societal groups. However, there are differences between the two. Almond and Powell's characterisation of nonassociational groups corresponds to the former, and of course their treatment of anomic groups is the latter.

Societal nonassociational groups are distinguished by their "intermittent pattern of articulation, the absence of an organized procedure for establishing the nature and means of articulation, and the lack of continuity in internal structure."[31] Although non-associational groups are similar to anomic groups with respect to their highly limited organisational structure, their intermittent pattern of political activity and interest articulation is usually only one of the functions they perform. Rooted in kinship, ethnic, and regional groups, their more typical and traditional functions are carried out with respect to social and economic activities. When acting politically, nonassociational

groups informally and intermittently articulate their interests through individuals, cliques, family, religious leaders and so on.

Anomic interest groups typically coalesce spontaneously, entering the political system via assassination and various forms of civil disturbance such as riots and demonstrations. These groups characteristically have limited organisation and perform activities for members in an irregular, intermittent and summary fashion. According to Almond and Powell, anomic groups arise and penetrate the political system "particularly in cases where explicitly organized groups are not present, or where they have failed to obtain adequate representation of their interests in the political system...".[32] Anomic interest group activity occurs, in part, when the members' shared interests have not been articulated and introduced into the political system by some other means or through some other type of existing group structure. This draws attention to the specialised nature of anomic activity insomuch as it does not perform any other functions but articulation of interest or, more accurately, articulation of discontent.

Group Politics in Non-democratic States

Almond and Powell regard organised groups as having substantially greater political significance due to the advantage they possess in the form of a formal organisation structure.[33] They argue that in a society populated by various competing organised groups, nonassociational groups and others are likely to experience difficulty in successfully articulating their interests. To compete successfully nonassociational groups with relatively permanent interests eventually develop organised structures.[34] Clearly, this also applies to all other informal groups.

In communist states, however, such a development may be intentionally thwarted. Nonassociational groups and other essentially unorganised societal groups may nonetheless acquire some means to articulate their interests. It is clear, for example, that genuine anomy may be expected to occur among these societal level groups if they do not have access to formal organisations and other articulation structures such as the media.

This expectation is elaborated in Bentley's hypothesis. In terms of the modified Almond and Powell classification, Bentley's proposition regarding group activity in nondemocratic states is this: the principal group actors in nondemocratic states are state institutional groups and societal institutional groups upon which the political authorities rely for relevant technical information and expertise, advice, recommendations, and proposals the intent of which is to ensure successful policy implementation. To the extent that societal quasi-institutional groups are implicated in policy implementation their preferences also may be taken into account. Informal societal groups are peripheral participants in policy processes, and articulate interests on the basis of anomy if at all.

This suggests a group analysis of foreign policy outputs in communist states may be fruitful if the focus is on the interests, power, and access of state and societal institutional groups. In the Soviet case, it appears that such groups are important participants in the policy process. Vernon Aspaturian has suggested, in a speculative essay on group influences on Soviet foreign policy, that the key actors are institutional groups in the state apparatus, that is, groups within the government and party. Societal groups may be important on occasion,

particularly the nationality groups and certain ethnic minorities.[35] Similarly, David Paul maintains that elites and interest groups existing within the "governmental power structure" are "the most important determinant of Soviet foreign policy."[36] Both Aspaturian and Paul, for example, regard the military establishment, heavy and light industrial enterprise managers, and government and party bureaucrats as members of key state institutional groups shaping foreign policy. Aspaturian also draws attention to the cultural, professional and scientific intelligentsia or, as they are called here, societal institutional groups.

It should not be assumed that state institutional groups, even in the same policy area, share similar interests and policy preferences. Ilana Dimant-Kass, for example, has analysed the differences within the Soviet military establishment as reflected in published policy preferences concerning the Middle East. Dimant-Kass found that competing preferences were expressed, reflecting the different organisational interests and responsibilities of different branches of the armed forces.[37] In addition to these essays, there are a number of case studies of domestic policy-making in the Soviet Union and Eastern Europe which have highlighted the interests, power, and access of state and societal institutional groups.[38]

In the Chinese case, there are indications that subnational institutional groups have interests bearing on foreign policy. One study, for example, identified subnational state institutional groups - provincial military and minority affairs organisations - as having had various interests at stake in the resolution of the Sino-Burmese border dispute in 1956.[39] In addition, it has been hypothesised that provincial

foreign trade interests are an important influence on Chinese foreign trade policy.[40]

Parenthetically, if one accepts that China is a developing state, then the studies of group politics in the Third World also are relevant here. Generally speaking, it is institutional groups and, to a lesser extent informal societal groups and occasionally anomic groups which are the key actors in the politics of developing states.[41] Thus, whether the PRC is viewed either as a non-democratic polity or as a developing country, state and societal institutional groups are probably important political actors in China. Truman's freely-forming associations in the private sector - societal associational groups - may be expected to be peripheral elements in the policy process, if they exist.

In light of the studies of group politics in communist states, it is reasonable to focus on state and societal institutional groups to determine whether or not influence is being exercised on Chinese foreign policy by subnational actors. If subnational institutional groups do not influence Chinese foreign policy, then it is unlikely that any other types of subnational groups could do so.

The Interest Group Approach

Strictly speaking, group interests, power resources, access, and the decision-making process are the independent variables held to shape significantly the dependent variable, a policy output. It is in terms of these concepts that a limited number of real-world referents are singled out for special analytical treatment.

Two of these conceptual sectors, groups and the decision-making process, already have been touched upon. As indicated, in communist

states formally organised structures - state and societal institutional groups - are the principal group actors. For purposes of the present research, attention is focused on formally organised state and nonstate groups at the subnational level, and their component subunits.

The policy formulation process as it occurs within a decision-making centre is not a crucial consideration in the case studies to follow. A degree of certainty concerning the determinants of policy outputs is attainable even though the decision-making process per se is not a matter of central empirical concern. In Chapter I two reasons were given for setting aside an analysis of the decision-making process: (1) the group approach emphasises the investigation of pressures originating outside a decision centre (rather than within it) which influenced the decision actually taken; and (2) an interest group explanation of a policy output can be made without recourse to an empirically-grounded analysis of the decision-making process. This second reason has methodological and epistemological underpinnings.

The practical methodological problems surrounding investigations of processes occurring within a decision centre are formidable. Obtaining relevant information on internal activities, relationships, and structures is difficult regardless of the country in question. Not surprisingly, the decision centre is usually "black-boxed" as a result. The same procedure has been used in the case studies to follow. By observing the behavior of claimant groups, however, it may be possible to make some inductive generalisations. For example, when claimant groups obtain access to decision centres relevant and appropriate to the issue at hand, group activity is itself "one of the more reliable guides to the loci of

effective power in any political system."[42] By noting the points in the state structure at which groups seek access, one will at least have some empirical appreciation of the locus of decision-making.

From an epistemological standpoint, it is acceptable to select from among the independent variables posited by the approach those most amenable to empirical research. Those more empirically intractable variables may then be subsumed by the ceteris paribus clause, along with other known and unknown forces to be disregarded.[43] Within the conceptual terms of the approach, this generates a partial explanation of the explanandum. Though empirically weaker than the ideal of a full, direct causal explanation, which would employ all variables, the validity of a partial explanation rests with the variables actually used, and need not be compromised significantly by the fact that all of the variables advanced by an approach are not used.[44]

Nonetheless, those, rare, brief and tantalising glimpses of decision-makers groping toward the resolution of an issue suggests that they do exercise some influence on the policy produced. These independent, intervening influences occurring within decision centres have been termed "withinputs" by Easton.[45] It is important to recognise the significance of independent inputs arising in a decision centre; in some cases an adequate explanation of a policy output may point to the theoretical if not the empirical salience of withinputs. For example, if a group possesses both relevant power resources and access to the decision centre and yet the output does not display any recognisable imprint of the group's demands, then there must have been other additional elements which were not accounted for in explaining the formulation of that output.

In addition to other successful competing groups which may have shaped the output, independent factors related to the decision-making process itself or some other feature internal to the decision centre may be posited as a source of the unexpected variation. For example, one source of such variation is the emergence of factionalism among decision-makers. Thus, to the extent that posited group interests, power resources, and access cannot adequately explain a particular output, one is compelled to search further afield for explanation.[46]

In brief, an analysis based on the groups involved in an issue, the demands they articulate, their possession of relevant power resources, and the extent to which they have access to the involved decision centre provide the basis for explaining a policy output, without recourse to an elaborate treatment of conversion processes internal to the decision-making structure. By bringing empirical evidence to bear on these conceptual sectors, policy outputs become explicable. In other words, for the purposes of the case studies it is a group's power resources and access which provide the means to exercise influence on policy formulation in a direction favorable to its interests.

Group Interests

Formally organised groups have well-defined goals related to the tasks and functions they perform. Formally organised groups tend to become involved in those specific issues which directly concern them; they concentrate their political efforts in those areas most directly relevant to their concerns and which are expected to most directly benefit them. Obviously, they will not tend to become active politically on issues peripheral to their functional activities.[47]

A group articulates an interest or demand with the expectation that a positive response by appropriate political authorities will increase opportunities to carry out group activities in pursuit of valued goals. Demands, therefore, are expressions of instrumental values expected to mold favorably the environment so as to make the realisation of substantive, valued functional goals feasible.[48] David Easton's definition of a demand as "an expression of opinion that an authoritative allocation with regard to a particular subject should or should not be made by those responsible for doing so"[49] is compatible with the definition used here. Demands, then, are expressions of high priority instrumental values or preferences that have not been or are not expected to be fulfilled through nonpolitical social mechanisms. Whether narrow and specific or general and vague, demands are signals for eliciting a response from political authorities congruent with the content of the communications; in a word, to elicit a favorable and "binding decision".[50] Thus, demands may be expressed verbally or implied by behavior and actions.[51]

Three general types of interests may be distinguished: institutional, collective, and particularistic. Institutional interests are those interests which transcend the membership and concern the viability, preservation, and expansion of the organisation per se. These are the interests which an institution has as a result of its primary organisational mission, and by the nature of the functions it performs to discharge its assigned mission. Specifically, institutional interests include the maintenance and expansion of functional jurisdiction, prerogatives, and responsibilities, the receipt of sufficient financial

appropriations to meet organisational needs in terms of trained personnel, facilities, equipment, and other material; and the preservation of organisation prestige.[52]

These interests will tend to be dominant elements in the articulation of policy preferences when a policy issue pertains to some aspect of institutional maintenance or expansion. For example, a proposed appropriations moratorium to the functional sector within which the organisation operates will directly implicate institutional interests. More generally, any issues which directly affects or threatens to affect the viability, authority, responsibility, goals, procedures, or relationships of the organisation will trigger the articulation of institutional interests. In other words, the articulation of institutional interests focuses on those policy areas which may benefit or damage the organisation most directly.[53]

Collective interests are those interests which are shared by the individual members of the organisation.[54] Collective interests include, for example, desires for adequate salaries, ample training and promotion opportunities, job security, special privileges, personal social prestige, and so on. Collective interests are, therefore, interests related to such categoric groups as occupational groups, status groups, and generational groups. These interests are not necessarily coextensive with the membership of a particular organisation, sometimes being limited to the individuals in the same functional sector and in other instances extending across many organisations and functional sectors. In the latter case, the articulation of collective interests may be coordinated between and among institutional groups.

Finally, particularistic interests may be distinguished from institutional and collective ones in that these are the sum of the interests of the individual decision-makers within the institutional group itself. These interests may be based on the personal ambitions and aspirations of the members. Particularistic interests may, however, also include nationality, ethnic, locality, and ideological interests which the decision-makers seek to promote through the organisation apparatus they dominate. The articulation of particularistic interests in communist societies is regarded by political authorities as illegitimate, unauthorised, and usually is legally prohibited and widely suppressed. If these interests are to be openly expressed they must be articulated in conjunction with related and compatible institutional and collective interests -- i.e., they must be publicly expressed as if they were institutional or collective interests. In cases where societal nonassociational (nationality, ethnic, regional, ideological) groups have acquired the use of a state or societal institutional base, particularistic -- ethnic, nationality, regional, ideological -- interests may be articulated more distinctly. In such instances, institutional, collective and a particularistic interest, such as maintenance of ethnic identity, may nonetheless operate and be expressed simultaneously by the organisation's decision-makers. Particularistic interests may be articulated by a single organisation's decision-making body or by coordinated efforts on the part of decision-making bodies in two or more organisations, depending on whether the principal interests at stake are institutional or collective ones.

Usually, particularistic interests will not be readily distinguishable from institutional and collective ones. An institutional group's

decision-making body must be concerned not only with aggregating and articulating its own particularistic interests but also with aggregating and articulating institutional and collective interests. These three interests are likely to be articulated simultaneously, though mixed in various proportions depending on the given policy issue. In a communist context it is significant that the particularistic interests of a decision-making body are likely to be sufficiently blurred by the simultaneous articulation of institutional and collective interests that they may be successfully hidden under justifications of promoting the general welfare. Insomuch as particularistic interests cannot usually be discerned, it is a simplifying assumption used in this study that the publicly expressed policy preferences of an institutional group are authentic institutional interests, collective interests, or a mixture of both.

A variety of questions can be asked to determine group interests in communist states.[55] In the case studies presented in Chapters III and IV, four questions have been asked. First, the particular function a group is charged with and the associated activities it performs will shape the demands it puts forward on particular relevant policy questions. Groups involved with various aspects of the fishing industry, for example, may advance demands concerning the presence of foreign fishing vessels in coastal waters. Based on their functional activities, fisheries groups would not be expected to make demands concerning the mining of precious metals in mountainous regions.

The location at which a group performs functional activities may implicate it in certain policy questions. To stay with our example,

fishing groups will seek to shape decisions regarding foreign access to coastal waters in the direction of maximising their exclusive control over the most productive coastal waters.[56]

Inferences may also be drawn from the composition of a group's membership.[57] The criteria upon which members are selected or included in a group allows one to infer a group's interests. The kind of criteria employed clearly implies that certain individual attributes are being stressed and others are not regarded as relevant. The composition of a group, then, indicates the type of individuals which the group seeks to recruit and roughly identifies the potential range of functional activities the group will be involved in as well as the types of demands it will make. For example, a group composed of the domestic dependents of overseas Chinese may make demands related to the treatment of their relatives abroad, but it is not likely to do so with respect to military procurement policy.

Finally, group interests can be ascertained by reading statements, speeches, and other documentary materials bearing on a particular issue. Painstaking but very effective, this has been the principal method used by most analysts of interest groups in communist states. Although used in conjunction with the other methods mentioned, it is perhaps this method of extensively searching through various published sources for relevant information that stands out most clearly in the case studies presented here. The term "relevant information" means information pertaining to each of the organising concepts used in the case studies.

Power Resources

The term power resources refers to capabilities which a group may use to attempt to influence the formulation of policy. Generally speaking, power resources include those capabilities through which, by threats or inducements, groups seek to press their demands on decision-makers.[58] To be effective, power resources must be under the control of the group seeking to influence a decision. In addition, the resources must be relevant to the issue at hand.[59] Power resources include but are not limited to offers to provide and threats to withhold funding, services, opportunities, and information.[60] A capability to provide or withdraw funding, services, and opportunities implies both the authority to make certain types of decisions, and control over the appropriate implementation apparatus. The possession of relevant information, decision-making authority and control over implemental machinery are three important power resources which groups use in their efforts to influence decision-making in directions favorable to their interests.

A decision centre may have an independent capability to collect, collate, and analyse information and prescribe a course of action. Groups which possess such a capability are able to argue their particular case persuasively and effectively. The possession of relevant technical information and the expertise of specialists or professionals will provide groups with the capability to discuss intelligently the issues and argue persuasively for and defend their views and interests. If the decision centre's information is sparse (as it usually is), the control of technical knowledge by a group will have a definite impact on its participation in and influence on policy-making.[61]

In addition to relevant information, it seems likely that in China groups seeking to influence policy outputs are able to enhance their impact by a local, trial implementation of their preferences and proposals.[62] This approach not only generates new information on the feasibility of certain proposals but, if successful, provides a visible demonstration of the practicality of, and benefits accruing from, the adoption of certain proposals rather than others.[63] The authority and resources necessary to establish model units and other experimental programs would seem to be found only within those groups existing within the state apparatus. The important point is that a group's capability to implement a policy experimentally and its ability to demonstrate that implementation is feasible on a larger scale has consequences for policy formulation.

Policy formulation involves more than choosing between available alternatives. It also entails selecting the appropriate means to implement a decision. The involved decision centre is rarely the body charged with actual policy implementation. Thus, the decision centre must be sensitive to the interests of the group or groups which possess relevant implementation capabilities - personnel, funds, and other resources used to carry out a decision. If a proposal favored by decision-makers is not supported by those who would be needed to implement it, then the proposal may be modified to meet their objections; the proposal may be reconsidered in the light of implementation capabilities controlled by groups supporting the proposal; or the proposal may well be shelved, and other alternatives considered. In the event that key groups which possess vital capabilities, to which there are no alternatives, do not

support a proposal, the decision centre could elect to apply varying degrees of force through the imposition of negative sanctions.[64]

However, a group with predominant control over the means of implementation in a particular functional sphere has an enormous bargaining advantage. Without its cooperation and support, at the very least its compliance, a decision may not be carried out.[65] Alternatively, the group involved may implement the decision or certain provisions of the decision with its own interests in mind. Even if a monopoly over the means of implementation does not exist, the group interpretation of policy proposals probably will be made in terms of its impact on the functional activities performed by the group, and the associated costs and benefits involved. Similarly, in responding to an issue with its own proposal, a group will tend to formulate measures to match its implementation capabilities. Groups may be expected to behave in this way because such a response stresses a group's singular control and direction of a functional area while minimising, if not precluding, interference from other groups.

This suggests that there is a fundamental need to build a consensus among those groups which are to be charged with policy implementation. To the extent that this is the case, groups with relevant capabilities are able to proffer or threaten to withdraw their support for a particular proposal. A decision taken without some degree of participation by groups which may be required for implementation is likely to be regarded by them as not being binding. Meaningful policy-making must be alert to and anticipate this possibility. The prospects for the successful implementation of a policy presented as a fait accompli would seem

poor. In order to promote support for a proposal and resolve disagreements prior to implementation, therefore, key groups which could be charged with policy implementation may be afforded an opportunity to participate in decision-making.

It should be noted that this seems to be the case in the PRC. In a study of five decisions taken by the Chinese national government between 1955 and 1966, Parris Chang did not find the policy process to be dominated by a small number of top leaders who agreed on goals and acted alone. According to Chang, "... the process was accessible to a significant number of party officials below the top level of the leadership hierarchy (the Politburo and its Standing Committee), many of them from the provinces, and these officials affected, in various ways and in varying degree, the formulation and implementation of the regime's policy."[66] Of direct relevance to the present discussion is Chang's finding that "... the top leadership sought and took into account opinions of CC members, many of whom occupied key positions in both the central and provincial apparatus relied upon to implement central directives."[67]

Access

Access refers to "the channels through which group interests are conveyed to influence policy-making."[68] It is important to realise that, in Truman's words, access is unequally distributed, providing "some groups with better and more varied opportunities to influence key points of decision than others."[69] Access channels, therefore are "rarely neutral"; they "handicap some efforts and favor others."[70] To Schattschneider's observation that "organisation is itself a mobilization

of bias in preparation for action",[71] it may be added that access mechanisms are the channels through which bias is articulated. In effect, access provides opportunities to influence decision-makers in the direction of a group's policy bias. A group with access can transmit its policy bias directly to decision-makers, whereas one without access cannot do so.[72]

The significance of access should not be underestimated. According to Truman, "The product of effective access ... is a governmental decision."[73] If he is correct then the product of unequal and inequitable access must be biased governmental decisions. Thus, all groups seeking favorable governmental policy outputs share in common "the attempt to achieve effective access to points of decision."[74]

There are two key mechanisms which provide access, namely organisational linkages and multiple memberships. On the one hand, organisational linkages may tie one group to another group, and on the other, they may link those groups to a decision centre. Communications links exist within organisations tying together a variety of subunits engaged in specialised activities. Similarly, organisational linkages may cut across different organisations at different hierarchic levels. Organisational linkages between a group and a decision centre are characteristically standard, stable, and routine communication channels facilitating message exchanges prior to, during, and after policy formulation. These channels also promote monitoring, coordinating and administering of existing policy. Organisational linkages are to be found usually among the various agencies, committees, departments, and ministries of the state apparatus, linking together organisations at the same and

different administrative levels. Given the apparent importance of state institutional groups in policy formulation, such organisational linkages become very important.

In addition to tying one part of the state apparatus to another, formal channels link nongovernmental groups to the state apparatus. In both cases, however, possession of organisationally-based access to one decision centre does not ensure access to all other decision centres.[75] Organisational channels linking groups to a decision centre tend to exist along lines of functional activity and specialisation. In other words, both state and societal institutional groups performing a certain set of interrelated activities will tend to be attached to the decision centre which formulates policy relevant to their activities. Organisational communication channels may also exist between groups and specialised permanent and ad hoc committees, and working groups, established by the decision centre and charged with making policy recommendations and proposals concerning certain types of more specific activity within a functional area.

Multiple memberships refer to the access mechanism provided by an individual's occupation of important positions in two or more different groups. Given two separate groups, those individuals who are members of both groups have overlapping membership. If those individuals are members of the active leadership in both groups, that is an important linkage.[76] When a decision is being taken in one organ, the individual with overlapping membership may be used as a channel through which the demands of the other group are transmitted. According to Almond and Powell, this type of access mechanism, which they term elite representation, "may take the form of the presence of a group member in the rule-

making structure, or of sympathetic representation by an independent elite figure.[77] Unlike other access channels, elite representation offers a group the advantage of "direct and continued articulation of its interests by an involved member of the decision-making structure."[78]

An individual may share certain attitudes characteristic of a group of which he is not a formal member. This would seem to be one important basis of "sympathetic representation." Truman refers to such persons as "fellow travelers" or individuals "who may or may not be eligible for formal membership, but who act or interact with actual members with a frequency that in certain types of political situations may be of considerable importance."[79] Thus, one clue to a decision-maker acting as a "sympathetic representative" is evidence of his interaction with members of the group in question.

Truman considers multiple memberships as likely to be a more important access mechanism than formal organisational linkages.[80] In this regard Almond and Powell specifically single out state institutional groups. "Governmental institutional interest groups have particular influence, since their members often find themselves in daily contact with the active decision-making elites, and usually constitute part of the elite structure directly concerned with relevant interests."[81] In other words, members of the state institutional groups normally are members of the decision-making structure responsible for formulating policy directly relevant to the interests of the group. Dial has suggested that this is the case in China.[82] He advances two reasons for the phenomenon of shared memberships in China. First, due to severe limitations on the availability of qualified personnel, "particularly

valuable people have been obliged to perform several roles in a variety of organizations."[83] Second, the existence of a Party structure alongside the government apparatus has been based on dual rule. The notion of dual rule by Party and government "has at its core a system of dual ... memberships."[84] Accordingly, one can expect to find these shared memberships operating as access channels to relevant decision centres in both the Party and the government, and perhaps elsewhere in China.

In brief, the dual membership mechanism facilitates access to a decision centre by virtue of providing a group with one or more contacts within the decision centre. The decision-makers with a group affiliation are likely to be familiar with the group's activities, goals, and perspectives. Moreover, they are capable of translating and presenting the group demands in terms acceptable and understandable to the rest of the decision-makers. By virtue of their membership in the decision centre, dual members have additional and frequent contact with individuals who may not be directly accessible to the group itself. Finally, the dual member is in a position to minimise and correct misunderstandings and misinterpretations as these arise during policy formulation.

As indicated above, the transmission of policy preferences is biased in favor of those groups which at any given moment dominate access to a decision centre. In this respect, organisational linkages between groups and a decision centre are important because they set general limits on the universe of groups able to participate in the deliberations of the decision centre. Organisational linkages carry with them a tacit recognition of the legitimate participation of some groups and not others. These linkages to a decision centre are significant only when the issue

under consideration is relevant to the performance of a group's activities. Access to a decision centre on the basis of organisational channels, therefore, is restricted to and routinised with respect to issues bearing on the performance of a group's activities.

The bias favoring existing transmission channels affects which groups are favored with informal access and which are excluded from even that mechanism. Groups which possess routine access on certain kinds of issues may themselves act as channels through which other groups in and out of the state apparatus express their preferences. In other words, even though a group is excluded from the decision centre the group's preferences may be transmitted by another group which does possess access. Nevertheless, the included group is not likely to act as a conduit for demands opposed to or contending with its own. To the extent that this is the case, organisationally-based access is biased.

To the extent that organisationally-based access varies with the issue, the groups with access vary, and indirect access to the decision centre by other, formally excluded groups also varies; and as each of these is altered the bias which may be expected in the output will change accordingly. This biasing effect in the policy process is also evident with respect to multiple memberships. Whether formal or informal multiple membership, the sources and patterns of recruitment from various groups into decision centres as well as existing multiple memberships enforces a bias regarding access. The bias inherent in the multiple membership access mechanism shapes the policy output,[85] by skewing it torward and in favor of those groups with overlapping membership which provides access to the decision centre.

Group dominance over channels of demand transmission contribute to a similar bias in the decision-making process and, therefore, is reflected in the policy output or, more generally, the pattern of policy outputs.

To the extent that biased access channels are firmly entrenched, the group-decision centre relationship will tend toward stability, permanence, and routinisation. This suggests that the policies and decisions produced will tend to be incremental rather than comprehensive. Existing group claims and capabilities will be incrementally strengthened over time as the group and the decision centre undergo a process of mutual adjustment with respect to goals and means in a particular policy area. Both parties accept that the group's political and implemental support for the decision-making unit will be exchanged for the accommodation of group demands. Present and future policy under such conditions will tend to be similar to past policy outputs in a particular functional area. In short, if access is biased, that prejudice is transmitted and converted into the substantive content of the policy produced.

Thus far it has been more or less implicit in the discussion that access involves opportunities to influence policy-making. To have an influence on policy-making, a group needs to possess access to the relevant decision centre. Access per se does not necessarily imply that influence has been exercised. It does imply that the opportunity to attempt to influence policy-making exists. Thus, access is associated with potential influence. Groups possessing access are groups which can influence policy-making, but not necessarily all of those groups actually do influence policy-making.[86] In other words, access identifies the

relevant and available channels of demand transmission which could be used if the group determined to attempt to influence the policy-making process.

The question which must be answered, then, is under what conditions will groups with access attempt to influence policy formulation?[87] As William Gamson observes, a fundamental feature of prevalent notions of influence, and most clearly alluded to by Robert Dahl, is "the requirement that the decision-making behavior of authorities has been altered from what it would have been in the absence of the influencer."[88] Although it may be possible to introduce and remove "influencers" in experimental research such an option is not open to historical case study designs. The analysis of a particular historical case precludes the investigator's control over the presence or absence or "influencers". In other words, in attempting to explain group impact on historical policy events it is likely to be exceedingly difficult to determine if the behavior of decision-makers "has been altered from what it would have been" in the absence of groups which were historically present and active at the time. One method is to compare cases on similar policy issues in which the mix of active groups has changed.

However, there is an alternative. Dahl cites two necessary conditions which must be present before the exercise of influence may be deduced. It should be noted that both conditions are basic not only to the exercise of influence, but to all hypothesised relationships thought to be causal. The first condition is that of temporal precedence. A group suspected of exercising influence must necessarily take actions which temporally precede the decision centre's response. The articulation

of demands must precede the enunciation of policy. The second condition is that there exist some kind of "connection" between the suspected influencer and the subject of influence.[89] The notion of a connection existing is conceptualised here as "access". This accords with Gamson's point that while "there need not necessarily be an action by the influencer, there must be the possibility for action."[90]

There are two additional criteria upon which to assess group influence: the relevance of the issue for the group in question and the extent to which group interests are accommodated by the policy output. A policy issue does not impinge upon all groups in the same manner or degree. Nor do different policy issues impinge upon the same group in the same manner. The salience or relevance an issue has for a group in large part determines whether or not the group will attempt to exercise influence.[91] In other words, groups are politically mobilised "chiefly through the impact of public policies, either policies actually adopted or policies which are 'threatened'."[92] The notion of policy causing political behavior satisfies an important need in discussing the exercise of influence. Specifically, when the activities performed by a group are impinged upon in a direct, germane or conspicuous manner by established or proposed policies, the groups implicated will respond politically. Whether the response is favorable or unfavorable to the policy issue will vary according to the positive or negative impact experienced or anticipated. In other words, given that a group is affected by the consequences of established policy or expects to be affected by the consequences of proposed policy, it may be assumed that the group will use its access to the relevant decision centre, in an

attempt to influence policy formulation. The subset of groups with access which actually influence policy, therefore, is composed of groups affected by established or proposed policy. In combination with these three criteria, evidence that a policy output has accommodated a group interest provides the basis for attributing influence to one group or set of groups rather than another.

The position taken here, then, consciously seeks to avoid the conceptual and methodological difficulties raised by the notion of influence. To the extent that (a) a group's activities are involved in a policy issue, (b) the group's articulated demands precede the promulgation of a policy output, (c) the group is in a position to exercise influence by virtue of its power resources and access to decision-makers, and (d) the group's demands are incorporated or accommodated in a policy output, the group has exercised a degree of influence and achieved some of its aims. Gamson claims that "one cannot conclude that no influence has occurred simply by a failure to achieve a preferred outcome. A partisan group may start with little chance of a policy being accepted, but by waging a vigorous fight, it may reach a point where acceptance of the policy is touch and go. Perhaps in the end the group loses, but the change from almost certain failure to a near miss is a mark of its influence."[93] A group which moves from "certain failure to a near miss" is still a group which failed to obtain a favorable policy output. The position taken here is that given that Gamson's group had access and the issue in question impinged upon the group's activities, the most that can be concluded is that the group's attempt to exercise influence was unsuccessful. More importantly, the approach used here relies upon the

extent to which a group's preferences are recognisably incorporated into a policy output to gauge the successfulness or unsuccessfulness of an effort to exercise influence. Because Gamson's underdog group did not leave any imprint upon the policy output it therefore failed to exercise any recognisable influence on policy formulation.

In short, an analysis of power resources and access will provide a useful means of cross-checking the extent to which influence may be attributed to a group on the basis of an analysis of the correspondence between group demands and the policy output in question.

Policy Outputs

In the conceptual framework presented here, the policy output is the dependent variable. It is the object of explanation. Lewis Froman points out that when analysts posit "policy" as their dependent variable, they too often fail to treat it as a variable. Too little attention is paid to specifying the behavior to be explained.[94] This implies that insufficient attention has been given to specifying the range of available alternatives from which decision-makers choose. There is, in other words, a tendency to disregard the different values which may be assumed by the dependent variable when the weight or value of independent variables is altered. Froman, then, is drawing attention to the need to link each type of variable if theory building is to progress.[95] In both of the cases investigated here, an effort has been made to take account of Froman's plea for specificity regarding the dependent variable. An account of the dependent variable in each case study has been given in the appropriate chapters.

To summarise, the conceptual framework used to explain the foreign

policy outputs posited in Chapters III and IV has been presented. It has been argued that Chinese foreign policy outputs can be illuminated by an analysis of group interests, power resources and access to decision centres. Each of these concepts has been discussed in detail. It has been argued that the main types of interest groups which could be potential participants in the Chinese foreign policy-making process are state and societal institutional groups. Finally, the question of group influence on decision-making has been examined, and the grounds were established for determining whether a group exercised influence on the decision-making process.

FOOTNOTES TO CHAPTER II

1. Arthur Bentley, The Process of Government, (Bloomington, Ind.,: Principia Press, 1949), and David Truman, The Governmental Process, (New York: Alfred A. Knopf, 1951). Like Bentley, Truman argued that "the political activities of organized groups are not, moreover, a peculiarly American phenomenon," citing available evidence of group politics in France, Britain, and Sweden as well as alluding to Germany, Italy, and Japan, pp. 8-10.

2. David Truman, The Governmental Process, p. 10.

3. Arthur Bentley, The Process..., Chapter XII, "The Classification of Governments."

4. Ibid., pp. 305-306.

5. Ibid., pp. 305-306.

6. The principal characteristics of a totalitarian state include: a supreme leader at the head of a single monolithic mass party; an official ideology; a terrorist police force; a state weapons monopoly; a state mass communications monopoly; and a centrally directed economy. See, for example, C. Friedrich and Z. Brzezenski, Totalitarian Dictatorship and Autocracy, (Cambridge: Harvard University Press, 1956).

7. Arthur Bentley, The Process..., p. 307

8. Ibid., p. 307.

9. Ibid., p. 307. Also see, p. 216.

10. Ibid., pp. 309, 313-316.

11. Ibid., p. 316.

12. Ibid., pp. 315-316.

13. Ibid., p. 316.

14. Gabriel Almond and James S. Coleman (eds.), The Politics of the Developing Areas, (Princeton: Princeton University Press, 1960), p. 38.

15. Arthur Bentley, The Process..., p. 317.

16. Ibid., pp. 316-317.

17. Institutional interest groups are "formal organizations, composed of professionally employed personnel, with designated political or social functions other than interest articulation." Non-associational groups and anomic groups are "marked by limited organization and a lack of constant activity on behalf of the group." Nonassociational groups are those groups "which articulate their interests intermittently through individuals, cliques, family and religious heads, and the like." Anomic groups engage in "more or less spontaneous penetrations into the political system from the society, such as riots, demonstrations, assassinations, and the like." Associational groups are "specialized structures for interest articulation", characterised by "explicit representation of the interests of a particular group, a full-time professional staff, and orderly procedures for the formulation of interests and demands." See Gabriel Almond and G. Bingham Powell, Jr., Comparative Politics: A Developmental Approach, (Boston: Little, Brown and Co., 1966), pp. 74-78. A substantially similar version can be found in Gabriel Almond and James S. Coleman (eds.), The Politics of the Developing Areas, pp. 33-38. All references are to the former.

18. Mancur Olson, The Logic of Collective Action, Public Goods and the Theory of Groups, (Cambridge: Harvard University Press, 1965).

19. This conclusion arises from Olson's more general argument which may be summarised as follows: individuals have no voluntary incentive to establish or support an organisation designed to obtain a collective benefit. Consequently, organisations which do lobby must also provide an incentive for the individual to join and must possess a means to retain his membership. Basically, organisations have two "selective incentives" whereby a membership is captured: (1) the authority and capacity to be coercive, and (2) the capacity to provide "positive inducements" available to individual members as private or noncollective benefits of membership. In effect, membership is made compulsory for a particular pool of individuals or other more positive inducements must be offered. Ibid., Chapter VI, pp. 132-167 with particular attention to pp. 132-141.

20. The first quote is from Ibid., p. 135; the second is from Ibid., p. 132. Technically, Olson is speaking of "large economic groups" such as labor and trades unions, farm organisations, and professional associations. He points out that his by-product theory of pressure groups need only apply to the smaller "privileged" and "intermediate" groups in society such as a few organised firms in one industrial sector or trade associations consisting of relatively few members. He does note, however, that many business associations, particularly trade associations, perform individual member services in addition to lobbying. Although these groups are to be regarded as associational groups it should be clear that generally speaking associational groups perform functions other than interest articulation. See Ibid., pp. 48-50, 141-148.

21. This form of articulation structure has also been identified in Western Europe. See Comparative Political Studies, Vol. 10, No. 1, (April, 1977) for an issue focusing on corporatist theory and various state-interest group relations.

22. Cf. Philippe C. Schmitter, "Modes of Interest Intermediation and Models of Societal Change in Western Europe," in Ibid., pp. 7-38.

23. Mass organisations in China have tended to be ignored as a focus of empirical research because of the conventional view of them as "transmission belts" which are mere tools of the Communist Party. The fact is this has always been a view open to confirmation or disconfirmation based on empirical research. See James R. Townsend, Political Participation in Communist China, (Berkeley: University of California Press, 1969) for a thorough and thoughtful treatment of mass participation. Chapter six deals extensively with non-governmental organisations.

24. G. Almond and G. B. Powell, Comparative Politics..., p. 77.

25. Almond and Powell note such examples as departments and branches; occupational and skill groups; bureaucratic, military, and legislative cliques, factions, and blocs. Ibid., p. 77.

26. James Townsend, Political Participation..., p. 151.

27. Ibid., p. 151.

28. Ibid., pp. 167-169.

29. This is most clearly argued by Y. C. Chang, Factional and Coalition Politics in China, (New York: Praeger Publishers, 1976), pp. 124-127. Also see, Jaap Van Ginneken, The Rise and Fall of Lin Piao, (New York: Avon Books, 1977); Jurgen Domes, China After the Cultural Revolution, (London: C. Hurst and Co., 1976); and J. P. Jain, After Mao What? Army, Party and Group Rivalries in China, (Boulder: Westview Press, 1975).

30. These three general types of interests are discussed at pp. 38-41.

31. G. Almond and G. B. Powell, Comparative Politics..., pp. 76-77.

32. Ibid., p. 76.

33. Ibid., p. 77.

34. Ibid., p. 77.

35. Vernon Aspaturian, Power and Process in Soviet Foreign Policy, (Boston: Little, Brown and Co., 1971), pp. 565-585.

36. David W. Paul, "Sources of Soviet Foreign Policy," David S. McLellan, William C. Olson, and Fred A. Sondermann (eds.), The Theory and Practice of International Relations, 4th edition, (Englewood Cliffs: Prentice-Hall, Inc., 1974), pp. 142-147. Quoting from p. 145.

37. Ilana Dimant-Kass, "The Soviet Military and Soviet Policy in the Middle East, 1970-73," Soviet Studies, Vol. XXVI, No. 4, October 1974, pp. 502-521.

38. For example, H. Gordon Skilling and Franklyn Griffiths (eds.), Interest Groups in Soviet Politics (Princeton: Princeton University Press, 1971) contains studies of both state and societal institutional groups. Joel J. Schwartz and William R. Keech, "Public Influence and Educational Policy in the Soviet Union," Rober E. Kanet (ed.), The Behavioral Revolution and Communist Studies, (New York: The Free Press, 1971), pp. 151-186 focuses on state institutional groups. Andrezej Korbonski, "Bureaucracy and Interest Groups in Communist Societies: The Case of Czechoslovakia," Studies in Comparative Communism, Vol. 4, No. 1, January 1971, pp. 57-79 for an analysis of state and societal institutional groups. A societal institutional group is examined in Stanislaw Staron, "State-Church Relations in Poland, An Examination of Power Configuration in a Noncompetitive Political System," World Politics, Vol. XXI, No. 4, July 1969, pp. 575-601.

39. Roger Dial, "Looking for Functional and Regional Interests as Independent Variables in Chinese Foreign Policy: The Sino-Burmese Border Case," prepared for presentation at the Western Conference of the Association of Asian Studies, Salt Lake City, November 9-11, 1972, 62 pp. (mimeographed). Dial's principal analytical focus is the "Chinese Foreign Relations Bureaucracy", and foreign affairs decision-makers are posited as the main actors. The analytical framework itself mainly draws on systems analysis and organisation theory. At the same time, he identifies certain internal and external functional and regional interests at stake in the border dispute. Thus, this effort suggests the utility of, but does not apply, the interest group approach. See pp. 3-4.

40. Audrey Donnithorne, "The Internal Development and External Relations of China with Especial Reference to the Future of Sino-Soviet Relations," Australian Outlook, August 1969, pp. 144-157.

41. It seems that associational groups are a peculiarly Western phenomenon not replicated in prominence, influence, or diversity elsewhere in the world. In Almond and Powell's terms, the main types of group actors in the developing states are institutional and nonassociational groups. See Gabriel Almond and James S. Coleman (eds.), The Politics of Developing Areas, for relevant studies on Southeast Asia, South Asia, Sub-Saharan Africa, Near East, and Latin America.

42. Harry Eckstein, "The Determinants of Pressure Group Politics," F. G. Castles, D. J. Murray, and D. C. Doller (eds.), Decisions, Organizations, and Society, (Middlesex: Penguin Books, Ltd., 1971), p. 167.

43. Ernest Nagel, The Structure of Science, (New York: Harcourt, Brace and World, Inc., 1961), pp. 560-561, and pp. 560-61, note 8.

44. Cf. Roger Dial, "The Interest Group Approach in the Analysis of Chinese Foreign Policy," Roger Dial (ed.), Advancing and Contending Approaches to the Study of Chinese Foreign Policy, (Halifax: Dalhousie University, Centre for Foreign Policy Studies, 1974), pp. 366-368.

45. David Easton, A Systems Analysis of Political Life, (New York: John Wiley and Sons, Inc., 1965), coined the term to cover demands which "emerge directly out of political roles themselves, that is, from within the system," pp. 55-56.

46. Cf. Ernest Nagel, The Structure of Science, pp. 318-320.

47. If so, political phenomena involving state and societal institutional groups and the impact of these groups on the policy process are likely to be more readily accounted for, and their future behaviors more accurately forecast than in the case of informal societal groups and broad social groupings.

48. Martha Derthick, The National Guard in Politics, (Cambridge: Harvard University Press, 1965), develops just such a distinction between instrumental and substantive goals. See pp. 166-167. Instrumental values or goals are the basis of group political activity, and substantive goals are the basis of group functional activity, exclusive of political activity.

49. David Easton, A Systems Analysis..., p. 38.

50. Ibid., pp. 38-40, 45.

51. Ibid., p. 40.

52. The military, for example, has as its organisational mission the external defense and internal security of the nation. Its general institutional interest is to ensure that these goals are achieved by the promotion of conditions favorable to the satisfactory performance of such functions as intelligence-gathering, the training of enlisted men and officers, the acquisition of a variety of sophisticated military equipment, and so on. Martin Needler, "Military Motivations in the Seizure of Power," Latin American Research Review, Vol. X, No. 3, (Fall 1975), pp. 63-79 makes a similar distinction between institutional and collective interests in military organisations. Needler's list of institutional military interests may be generalised to cover other organisations: institutional interests include but may not be limited to the strengthening

of organisation cohesion, unity, and discipline; the preservation of established hierarchic authority roles and relationships; maintenance of routinised promotion procedures; maintenance of organisational jurisdiction (frequently manifested as resistance to proposals introducing additional organisations in the same functional area and regarded as encroachment); inter-organisation cooperation in areas of joint functional responsibility; the promotion of relations with extra-organisation constituencies in both government and society; the preservation of organisation status in relation to that of other organisations; sustaining budgetary appropriations at levels required to meet organisation needs and assured supplies of materials and personnel; and furthering the prestige and dignity of the organisation as it relates to maintenance of member morale and confidence.

53. Cf., Stephen Cobb, "The Impact of Defense Spending on Senatorial Voting Behavior: A Study of Foreign Policy Feedback", Patrick McGowan (ed.), Sage International Yearbook of Foreign Policy Studies, (Beverly Hills: Sage Publications, 1973), Vol. 1, pp. 135-159. See in particular his discussion of S. Lieberson's hypothesis of "compensating strategies" where he cites the latter's "An Empirical Study of Military-Industrial Linkages", American Journal of Sociology, Vol. 76, No. 4, (January, 1971), pp. 562-585. Lieberson in effect hypothesises that an organisation's functional, i.e., institutional, interests are pursued above all other interests in the distributive arena. A similar though perhaps more precise formulation is suggested by Mancur Olson, The Logic of Collective Action..., in his development of the "special interest" theory. A group's leadership will articulate interests and engage in related political activity when two conditions obtain. First, interest articulation occurs when a direct effort is necessary because few or no other organisations are implicated by the issue, thereby making it incumbent upon the group to defend and extend institutional interests largely on its own behalf. Second, a direct effort is also more likely to occur when the benefits of participation and the costs of non-participation may be absorbed primarily by one or a very few organisations, pp. 141-148.

54. Martin Needler, "Military Motivations...," p. 73, note 12 refers to collective interests as the sum of the individual interests of an organisation's membership. They are interests of the institution per se. However, Needler regards collective interests as not being distinguishable from genuine institutional interests in practice and, therefore, subsumes them under the concept of institutional interests.

55. A number of methods, including those discussed here, have been set out in Roger Dial, "The Interest Group Approach...," pp. 361-363, and in E. E. Schattschneider, The Semi-Sovereign People, (New York: Holt Rinehardt and Winston, 1960), pp. 25-26.

56. Ibid., Dial refers to this as the "logic of group locus or structure," p. 362. That is, location should be regarded in a geographical sense and in the sense of position within an administrative hierarchy.

57. That is to say, on the basis of such factors as nationality, race, social and economic status, occupation, age, generation, education, ethnicity, sex, locale of work, place of residence, and various combinations of these.

58. Robert Dahl defines a political resource as "a means by which one person can influence the behavior of other persons; political resources therefore include money, information, food, the threat of force, jobs, friendship, social standing, the right to make laws, votes, as well as a great variety of other things." See his Modern Political Analysis, 3rd edition, (Englewood Cliffs: Prentice-Hall, Inc., 1976), p. 37.

59. William A. Gamson, Power and Discontent, (Homewood, Illinois: The Dorsey Press, 1968), pp. 59-109.

60. Ibid., pp. 86-88, 100-105.

61. David Truman, The Governmental Process..., pp. 333-334.

62. In 1966, for example, provincial officials in Kwangtung province signaled their interest in further expanding trade ties with Japan. The provincial authorities sent a Kwangtung Provincial Friendship Delegation on an extensive junket to Japan to investigate trade prospects. In Osaka, contacts were established with the Kansai Branch of the Japan International Trade Promotion Association, and the Kansai Chapter of the Japan-China Trade Promotion Association. Furthermore, the Kwangtung delegation established contact with the Osaka Prefectural Assembly and its Members' Union to Promote Japanese International Trade. The delegation also visited a number of other areas including Nagoya, Kobe, and Nara. As a final touch, and a further indicator of the economic and trade orientation of the visit, the Japan-China Commercial Friendship Society had a party in honor of the delegation which was attended by 200 representatives of "commercial circles and enterprises." See Survey of the China Mainland Press (SCMP) 3718, June 9, 1966, pp. 30-31; SCMP 3720, June 13, 1966, p. 33; SCMP 3729, June 25, 1966, p. 26. Analysts have not investigated the question of whether such trips as this actually enhanced provincial influence on China's foreign trade policy toward Japan. However, it is noteworthy that, between 1965 and 1974, Chinese exports to Japan increased from 11 to 19 per cent as a proportion of China's total export trade, and imports rose from 14 to 28 per cent. See Alexander Eckstein, China's Economic Revolution, (Cambridge: Cambridge University Press, 1977), p. 254.

63. Michel Oksenberg, "The Chinese Policy Process and the Public Health Issue: An Arena Approach," Studies in Comparative Communism, Vol. VII, No. 4, (Winter 1974), pp. 390-393.

64. Harry Eckstein, "The Determinants...," p. 187 points out that in the formulation or implementation of a policy either the skills and knowledge of a "special group" or their active support may be necessary. He argues that "in either case the pressure group concerned may not get exactly what it wants, but the need for knowledge and cooperation at least acts as a limit on what can be imposed on it; usually, of course, the group's influence is much more positive than that."

65. Theodore J. Lowi, "Making Democracy Safe for the World: National Politics and Foreign Policy," James N. Rosenau (ed.), Domestic Sources of Foreign Policy (New York: The Free Press, 1967), pp. 295-331, and see in particular pp. 311-313.

66. Parris Chang, Power and Policy in China, (University Park: Pennsylvania State University Press, 1975), p. 178. The five policy issues analysed by Chang were: the Twelve-Year Agricultural Program, administrative decentralisation, the commune movement, the Socialist Education Campaign, and the ideological rectification campaign.

67. Ibid., p. 179. In addition to key provincial officials who were Central Committee members, provincial and sub-provincial cadres and bureaucrats were singled out as having had "a significant impact on the policy-making processes." Ibid., pp. 179-181. Generally speaking, Chang found that "... actors possessing different political resources participated, directly and indirectly in each stage of the policy-making process and affected, in a variety of ways, the decision-output of the regime." Ibid., p. 181.

68. Roger Dial, "The Interest Group Approach...," pp. 363-365.

69. David Truman, The Governmental Process..., p. 322.

70. Ibid., p. 322. Truman was speaking here specifically of formal structural channels. However, he notes subsequently that the overlapping memberships held by decision-makers "give privileged access to the interest groups involved," p. 343. Thus, both access mechanisms focused on here inherently tend to favor certain groups and not others with respect to any given policy issue.

71. E. E. Schattschneider, The Semi-Sovereign People, p. 30.

72. To avoid any confusion, interest articulation structures are those units from which demands are expressed; access channels are the ducts through which demands flow into a decision centre. On the basis of just such a distinction Almond and Powell can say that a group may express its interests, but fail to penetrate a decision-

making centre and reach those involved in making relevant decisions. See Gabriel Almond and G. Bingham Powell, Comparative Politics..., pp. 74, 80.

73. David Truman, The Governmental Process..., p. 507.

74. Ibid., p. 264.

75. Ibid., p. 324.

76. Ibid., discusses the implications of overlapping membership for internal group affairs in Chapter VI and for relations with decision centres in Chapters XI and XV.

77. Gabriel Almond and G. Bingham Powell, Comparative Politics..., p. 83.

78. Ibid., p. 83.

79. David Truman, The Governmental Process..., p. 114.

80. Ibid., p. 332.

81. G. Almond and G. B. Powell, Comparative Politics..., p. 84. In the revised edition, G. Almond and G. B. Powell, Comparative Politics: System, Process, and Policy, 2nd edition, (Boston, Little, Brown and Co., 1978) make it somewhat less ambiguous: in cases where legislatures are not important decision-making centres, "... governmental institutional interest groups have particular influence, since their members often find themselves in daily contact with the active decision-making elites and usually constitute part of the elite structure directly concerned with their interests," pp. 179-180. Inasmuch as the discussion is under the subheading "elite representation", the interpretation I have made is the only one that makes any sense.

82. A casual perusal of any standard biographic work on China indicates that the occurrence of overlapping memberships is extensive.

83. Roger Dial, "The Interest Group Approach...," p. 365.

84. Ibid., p. 365.

85. David Truman, The Governmental Process..., p. 507.

86. William Gamson, Power and Discontent, pp. 67, 107. Also see James Rosenau, Public Opinion and Foreign Policy: An Operational Formulation (New York: Random House, 1961), Chapter 2 and his National Leadership and Foreign Policy: A Case Study in the Mobilisation of Public Support (Princeton: Princeton University Press, 1963), pp. 4-5.

87. There are a number of definitions of influence. Dahl's treatment of influence probably has become one of the most deeply etched into the minds of political scientists. He regards influence as having been exercised when A has the ability to get B to do something B would not otherwise do. Harold Laswell and Abraham Kaplan consider the exercise of influence as "affecting policies of other than the self." In a more expansive vein, James Robertson suggests that influence refers to "affecting, controlling, modifying, altering, or causing some activity, behavior, attitude, or outcome of an individual or a group." See, Robert Dahl, "The Concept of Power," Behavioral Science, Vol. 2 (July 1957), pp. 201-15; Harold Laswell and Abraham Kaplan, Power and Society, (New Haven: Yale University Press, 1950), pp. 71, 73, 83; and James Robertson, Congress and Foreign Policy Making, (Homewood, Illinois: The Dorsey Press, 1962), p. 4.

88. William Gamson, Power and Discontent, p. 60.

89. Robert Dahl, "The Concept of Power," p. 204.

90. William Gamson, Power and Discontent, p. 70. Emphasis in the original.

91. Theodore Lowi's work on the relationship between types of policy causing certain types of politics is directly concerned with this question. See his "American Business, Public Policy, Case Studies, and Political Theory," World Politics, Vol. XVI, No. 4 (July 1964), pp. 677-715. Bernard Cohen was among the first to hypothesise that "the nature of the policy issue itself has an important effect on the character of the political process that attends it...", in his The Political Process and Foreign Policy: The Making of the Japanese Peace Settlement, (Princeton: Princeton University Press, 1957), p. 281. Also see, Harry Eckstein, "The Determinants...," pp. 176-177; Kenneth Gergen, "Assessing the Leverage Points in the Process of Policy Formulation," Raymond Bauer and Kenneth Gergen (eds.), The Study of Policy Formation, (New York: The Free Press, 1960), pp. 183-84, 193-94.

92. Harry Eckstein, "The Determinants...," p. 177.

93. William Gamson, Power and Discontent, p. 66.

94. Lewis Froman, "The Categorization of Policy Contents," Austin Ranney (ed.), Political Science and Public Policy, (Chicago: Markham Publishing Co., 1968), pp. 43-44.

95. Charles Hermann has stressed this basic need also. See his, "Policy Classification: A Key to the Comparative Study of Foreign Policy," James N. Rosenau, Vincent Davis, and Maurice East (eds.), The Analysis of International Politics, (New York: The Free Press, 1972), p. 64.

CHAPTER III

SUBNATIONAL INTERESTS, POWER AND POLICY: WHY THE PRC IMPORTS WHEAT

In this chapter an interest group analysis is undertaken of one aspect of Chinese foreign trade policy. Specifically, a case study is presented to show how subnational authorities shaped China's decision to import wheat in 1961.

As shown in Table 1, Chinese grain imports in the 1950s were negligible compared to those in the following two decades. In fact, China was a net exporter of grain in the 1950s. Since 1961 the People's Republic of China (PRC) has imported on average each year 5.1 million metric tons of grain at an estimated cost of $300 to $400 million (U.S.).[1] Wheat imports have averaged 4.6 million metric tons annually. Thus, wheat imports represent about 90 per cent of China's annual grain imports.

Against this costly importation of wheat must be placed the fact that processed and unprocessed products originating in the agricultural sector account for roughly 75 per cent of the PRC's exports. These agricultural exports are fundamental to China's long-term industrialisation efforts: agricultural exports provide a large part of the foreign exchange earnings with which to finance the import of whole plant, machinery, and other equipment required by the developing industrial sector. Foreign wheat purchases run counter to general expectations concerning the commodity composition of the PRC's imports, and the associated utilisation of available but scarce foreign exchange. It is perhaps for this reason that scholarly interest in seeking an explanation has not waned.

TABLE 1. CHINESE GRAIN IMPORTS, 1952-77
(1,000 tons)

Year	Wheat[1]	Coarse grains	Total[2]
1952			15
1953	32		36
1954	21		21
1955	1	4	163
1956		2	89
1957		29	140
1958	127	31	170
1959	9		9
1960			28
1961	4,093	1,446	5,601
1962	3,957	1,160	5,122
1963	5,455	65	5,617
1964	5,107	1,110	6,294
1965	5,774	138	6,024
1966	5,743	20	5,814
1967	4,133	160	4,354
1968	4,340	20	4,393
1969	3,928	6	3,939
1970	4,950	13	4,963
1971	3,022	107	3,135
1972	4,252	390	4,655
1973	5,982	1,658	7,642
1974	5,345	1,428	6,773
1975	3,339	95	3,459
1976[3]	1,921		2,061
1977[3]	6,900		6,900

[1] includes wheat flour converted to whole grain equivalent.

[2] includes small amounts of rice imports.

[3] preliminary.

Source: Frederic M. Surls, "China's Grain Trade," in Joint Economic Committee (95th Congress, 2nd Session), Chinese Economy Post-Mao, (Washington, D.C.: U.S. Government Printing Office, November 1978), p. 655.

Contending Explanations

Several explanations have appeared in the literature at various times. It is worthwhile to review the three principal hypotheses: rice-for-wheat; food shortages; and decentralisation.

The rice-for-wheat hypothesis is based on the fact that the prevailing world price for rice is considerably higher than that for wheat. Chen Ming, Director of the Third Bureau, Ministry of Foreign Trade, pointed out in 1964 that "if we import wheat, we can export soya bean and rice and other processed food grain - and the price for rice and soya bean is higher than for wheat. This is a good means, in other words, of making money."[2] The argument draws attention to the economic rationality of exporting rice and importing wheat, because this transaction entails a relative financial gain for the PRC.[3] Upon closer examination, however, the explanation flounders: rice exports and wheat imports do not represent a quantitatively balanced transaction. Peng-hwa Mah found that there were considerably larger outpayments for wheat than could have been financed by overseas rice sales. According to his estimates, between 1960 and 1967 the PRC made a net outpayment of nearly $2 billion (U.S.) on rice-for-wheat deals.[4] Clearly, this finding seriously undermines the rice-for-wheat hypothesis.

Mah has hypothesised that the wheat imports in the 1960's were required in order to overcome domestic food shortages created by the agricultural disasters of 1959-1961, in combination with population increases which outpaced food production in the late 1960's.[5] Using the per capita consumption standard of 300 kilograms of grain per year, Mah found that between 1960 and 1965 per capita output was well below this

consumption level. As shown in Table 2, in the 1960-65 period per capita output fluctuated between 226 and 260 kilograms. According to Mah, the per capita minimum subsistence level is about 250 kilograms annually. Actual per capita output was about 40 kilograms less than the standard consumption level (300 kilograms), and close to the minimum subsistence level. Thus, due to a domestic food shortage wheat imports were required to ensure adequate consumption levels.[6] Although there is evidence to support this argument for the 1960's, there are some difficulties which cannot be overlooked. If food shortages provide the explanation, then there are several implications which should be supported by independent evidence. First, it is implied that wheat imports raised per capita consumption above the subsistence level. The importation of three, four or even five million tons of wheat annually would not raise the per capita consumption level of roughly 680 million people above the subsistence level. To raise per capita consumption from 250 to 350 kilograms annually would entail the importation of about 34 million tons of grain. Second, Mah's analysis suggests that in those years in which per capita output was above 300 kilograms annually, there should have been no wheat imports. In 1958 per capita output reached 311 kilograms and, contrary to the expectation, the PRC imported 127,000 metric tons of wheat. Third, the food shortage argument suggests that in years in which per capita output dropped below 300 kilograms there should be evidence of wheat imports. As indicated by Tables 1 and 2, it is clear that in some such years wheat was imported, and in others it was not. Except for 1958, per capita output between 1949 and 1978 has been below 300 kilograms annually. Even though China has continued to

import wheat in the 1970's, the 1950's were, generally speaking, not noteworthy years for wheat imports. Thus, the food shortage hypothesis seems to have very limited explanatory value.

TABLE 2. PER CAPITA GRAIN PRODUCTION, 1949-1978
(Kilograms)

Year	Per Capita Production	Year	Per Capita Production
1949	205	1964	260
1950	235	1965	254
1951	250	1966	276
1952	280	1967	282
1953	278	1968	257
1954	275	1969	257
1955	292	1970	284
1956	297	1971	281
1957	295	1972	268
1958	311	1973	291
1959	253	1974	295
1960	226	1975	298
1961	240	1976	293
1962	252	1977	288
1963	260	1978	291

Source: National Foreign Assessment Center, China: Demand for Foreign Grain, ER79-10073, January 1979, p. 4.

Audrey Donnithorne has argued that high internal transport costs and the depletion of state grain reserves contributed to the wheat import decision. The central determinant of the decision, however, was the growth of provincial authority and power at a time when the central

government was in the process of retrenching and decentralising decision-making powers to lower levels. The decentralisation decisions of 1958 provided for provincial level determination of grain procurement and supply within each province. Thereafter, the central government was only responsible for inter-provincial grain transfer balances from surplus to deficit areas. The widespread agricultural calamities of 1959-1961 adversely affected many provinces which were normally surplus areas; they shifted from being surplus grain provinces to grain deficit provinces. As a result, they had less grain available to feed their own populations and meet transfer obligations. When called upon by the central government to provide grain for transfer, provincial officials were less able and willing to comply. The central government relied on existing state grain reserves to cover the shortfall. Once the reserves approached depletion, the national authorities made the decision to import wheat.[7]

Mah has taken issue with Donnithorne's hypothesis. In particular, two points are made against it. First, the argument is overstated. Mah accepts that a weakening of the central government's control over surplus grain may have contributed to the import decision, but it was not a factor as singularly important as Donnithorne has argued. Second, Mah does not regard it as credible that the 1958 decentralisation measures reduced the central government's control over essential resources. In fact, the central government's control may have been strengthened in the 1960's.[8]

Even if Mah were correct, the decentralisation argument does bring into focus the question of central-provincial relations and the power distribution between these two levels. Writing in 1961 on the import

decision, Allan Barry drew attention to the fact that:

> There is much evidence to suggest that the commune system introduced in 1958 brought chaos to the rural areas in that year and even recent efforts to decentralise authority through the much smaller production brigades (formerly the collectives) and production teams have probably not entirely repaired the damage done to organisation and incentives.[9]

The immediate political impact of rural disorder surely occurs at the provincial level; rural confusion and disorganisation present direct threats to provincial political stability. In furthering the general welfare of the population and central level interests, the national government may not view with favor the means used by provincial officials. For example, a provincial decision to leave greater grain surpluses in the hands of the peasants may have been regarded as politically desirable by provincial officials but not by central ones. Dwight Perkins has suggested that "imports ... were used to reduce the need for compulsory grain deliveries from farms to cities as part of a general program to improve rural incentives to raise output."[10] If foreign purchases were used as a substitute for compulsory domestic grain deliveries, then local decisions and the political power which provincial officials could bring to bear on the central government probably had an important, perhaps determining influence on the wheat import decision.

In sum, the rice-for-wheat hypothesis is based on economic factors such as prevailing international prices and foreign exchange earnings. The food shortages hypothesis focuses on arguments concerning minimum caloric requirements and domestic per capita grain output. Although both

of these arguments do shed some light on the question, they are based on non-political factors. Donnithorne's effort is important because politics has been introduced as a significant variable in the explanation.

Bringing politics to the centre of an explanation can help to explain more thoroughly why China imports wheat. Specifically, an interest group analysis will further understanding of the domestic factors which have shaped China's wheat import policy. A political hypothesis will also throw light on central-provincial relations in general. Finally, it can provide an interesting demonstration of the impact of subnational interests on Chinese foreign policy decision-making.

China's Foodgrain Policy Process: An Overview

In this case, previous decisions concerning grain acquisition and supply impose constraints on the range of choices available in the future. A series of related decisions must occur before the foodgrain importation issue ever arises. Thus, an understanding of the forces which produced earlier decisions provides the basis for explaining how the relevant decision-makers came to confront the importation issue.

The decision to import wheat is the product of a complex political decision-making process. The wheat import decision is generated by two related yet distinct stages of political conflict. The first stage is concerned solely with making decisions to resolve domestic foodgrain issues. The second stage fixes attention on the question of financing wheat importation. The financing question is not essential to this study and, therefore, is not examined.

At the first stage, conflict arises concerning domestic grain procurement and supply. The interested parties at this point are limited to wheat-producing provinces and wheat-consuming urban areas. Both producing and consuming areas attempt to influence the Food Ministry (FM) toward a decision favorable to their interests. For want of a better term, the FM's decision - the dependent variable - may be labelled the "grain supply strategy." There are four values which this variable may assume: domestic grain procurement, urban grain rationing, utilisation of grain reserves, and grain importation. These four values represent the complete cluster of decisional alternatives available to the FM.

A decision to increase domestic grain procurement is designed to meet supply obligations to the non-agricultural population, especially the urban areas. Increasing domestic procurement means that the peasants in the producing provinces are left with a reduced supply of grain to meet their own needs. If the wheat provinces are opposed to increasing grain procurement, then they will attempt to influence the FM into making an alternate decision. Obviously, to the extent that the FM is influenced by the wheat provinces, domestic wheat acquisition will be held down and may not meet urban demand.

Alternatively, the FM could impose direct rationing on the urban areas, thereby limiting supply obligations from the outset. This alternative may also help to keep the domestic procurement level lower than it would otherwise have been set. If the urban centres are opposed to rationing, then they will attempt to influence the FM to select an alternative other than this one.

The third alternative available to the FM is to use existing grain reserves to cover a projected deficit between grain acquisition and supply levels. By choosing this alternative the FM skirts the controversial questions of raising procurement and lowering urban ration levels. If these, the first two alternatives, are precluded on political grounds, then the amount of grain acquired by the FM probably will be insufficient to meet supply obligations. In short, if the wheat provinces and the urban centres influence the FM in directions favorable to their interests, existing grain reserves will be used.

Provided that both the wheat provinces and the urban areas continue to influence the decision-making process, grain reserves gradually will approach critically low levels, if not virtual exhaustion. At this point, the FM's own interest in maintaining a state grain reserve is threatened. Under these conditions, the FM aggregates a grain proposal submitted to the State Council's Finance and Trade Staff Office. Taking into account the contending subnational interests as well as its own organisational interest, the FM proposes to rebuild state grain reserves, ensure urban supply, and do so without increasing domestic procurement. In short, the FM proposes the fourth and final alternative: to import grain from foreign suppliers.

STAGE I: CHOOSING A GRAIN SUPPLY STRATEGY

Decision-making on Grain Issues

The Ministry of Trade was established in 1950 and charged with the direction of both domestic and foreign trade. Until 1952, it was responsible for domestic grain procurement decisions. In 1952, the Trade Ministry was abolished, being replaced by the Ministries of Commerce,

Foreign Trade, and Food.[11] The Food Ministry assumed overall responsibility for the grain trade. That is to say, the Food Ministry (FM) acquired control of all aspects of trade in grain, from purchasing it from producers to supplying the ultimate consumers. Specifically, the FM directs the collection and purchase of foodgrain; is responsible for the construction and maintenance of warehouses and granaries; controls the state grain reserves, as distinct from collective and individual reserves; operates grain processing facilities; arranges inter-provincial grain transfers; and ensures fulfillment of grain export plans. It is also the decision-making body with respect to rationing in rural and urban areas.

The FM is responsible for supplying foodgrains to: (1) the populationsof cities, industrial and mining areas; (2) the populations of calamity and famine stricken areas; (3) industrial or economic crop farmers; (4) grain-short peasants in the countryside; and (5) the rural non-agricultural population, consisting of herdsmen, timber producers, salt producers, fishermen, boat dwellers, and livestock producers. These five categories of consumers totalled roughly 214-224 million individuals in 1955,[12] or about 36 to 37 per cent of the total population of mainland China.

Table 3 sets out the approximate size of each category of consumer provisioned by the FM. It is noteworthy that high quality foodgrains - wheat and rice - are not supplied to all consumers relying on the FM. Of the consuming population to be served, the least important are the rural non-agricultural producers. In part, they are less important because, while they do not produce foodgrains, some of them

produce or have access to other foods. For example, the fishing population and the boat dwellers have available to them a variety of protein rich seafoods. It is possible too that for this category of consumer, grain is regarded as a supplementary foodstuff rather than the principal one.

TABLE 3. FOODGRAIN CONSUMERS PROVISIONED BY THE MINISTRY OF FOOD, 1955

Consumer Category	Number of Consumers	Percentage of Total Provisioned Population
urban, industrial and mining residents	82 million	37-38%
economic crop farmers	30-40 million	13-19%
famine stricken peasants	40 million	18-19%
grain-short peasants	50 million	22-23%
rural-non agricultural producers	12 million	5-6%
consumers, TOTAL	214-224 million	100%

Source: Chen Yun, "On the Question of the Unified Purchase and Supply of Grain", July 21, 1955, CB 339.

Producing insufficient grain to feed themselves, reserve grain for seed and feed for livestock, grain short peasants must buy the balance from the FM. Under the Three-Fix policy promulgated in 1955, the FM sought to limit its obligation to sell grain to households which were short. Specifically, the "grain consumption standards for food and

fodder for grain-short households in grain producing areas in general should be a little lower than the grain consumption standards for local grain-surplus households."[13] In 1958, the central FM was relieved of its obligation to supply grain-short peasants. At that time, the provincial governments assumed full responsibility for them.

Famine-stricken peasants, although dependent on the Ministry for Food relief, are encouraged to recover production as rapidly as possible. During the First Five Year Plan (1953-1957), for example, supplies to calamity stricken areas totalled about 15 million tons or 30 billion catties. On the basis of an average 40 million people hit by famine each year, 30 billion catties would provide roughly 150 catties[14] of grain per capita annually; this is less than half the average annual requirement. Another source claims that "in normal years the extra grain sold to affected areas amounts to 4 to 5 billion catties," or about 100 catties per capita.[15] This category of consumer is not likely to have been offered high quality foodgrains such as wheat and rice.

Industrial crop farmers are peasants who raise such crops as cotton, jute, hemp and tobacco. They have been generally fortunate in obtaining generous allocations of technical factors, such as chemical fertilisers, and relatively high purchase prices in comparison with grain producers. Moreover, these crop farmers were promised assured grain supplies because the land they till is heavily concentrated in nonfood crops. According to Kang Chao, "the government tried to guarantee stable supplies of grain and feed to these areas, regardless of the general situation of grain production in the country."[16] Evidently, a failure on the part of the FM to supply the grain needs of

industrial crop growers was expected to trigger a subsequent reduction in the area sown to economic crops as farmers attempted to meet their own food needs. This in turn would have adverse consequences for those industries dependent upon processing economic crops. The most important economic crop is cotton; light industrial interests, namely the textile industry centred in Shanghai, have an interest in assuring that economic crop growers are receiving generous grain rations. The FM's grain allocations to these farmers, then, may be associated with the influence exercised at different times by the textile industry planners. In any event, these farmers are relatively prosperous and can afford to buy the more expensive grains, and buy more of them.

In this regard it is interesting that the key cotton producing areas - Honan, Hopei, Kiangsu, Shensi, and Shantung - are also key wheat producing areas.[17] This suggests that as the key cotton producing areas, the major wheat growing provinces account for most of the 30 to 40 million farmers producing economic crops. Accordingly, one important source of demand for wheat in the major wheat provinces is the cotton farmers. Information for the 1950's indicates that the cotton farmers in these provinces are regarded by the involved provincial food bureaus as preferred wheat and rice customers. Obviously, if the cotton producers are favored in terms of grain supplies in these five provinces, then they are receiving a sizeable portion of the wheat and rice produced. Data for the early 1950's indicates that grain demand in the cotton growing areas of the wheat provinces rose rapidly, and that wheat was replacing other grains being consumed by cotton growers.[18] By 1958 about 10 billion catties of grain was being sold annually to economic crop

growers. This amount accounted for roughly 25 per cent of total rural grain sales.[19]

The grain demands of cotton growing districts may prompt the provincial governments to limit surplus grain procurement on behalf of the central FM. For example, in periods in which the planning priority is with textile development, these provincial governments have strong grounds for arguing against relatively large grain purchases destined to feed extra-provincial consumers. In other words, in periods stressing development of the textile industry, the provincial governments can argue that internal provincial demand for grain, including wheat, has increased and therefore their purchase quotas need to be lowered.

The largest single category of non-agricultural grain consumers provisioned by the FM is the urban areas. These are the main sources of demand for the high quality, refined foodgrains, chiefly rice, wheat and their processed products (flour, noodles, etc.).[20] The wheat demanding cities which turn to the FM for the grain are outside the principal growing provinces. Most of the major industrial cities are located along the eastern seaboard. Major industrial cities without a readily available wheat supply are located in Chekiang, Liaoning and perhaps Fukien and Kwangtung. In addition, the directly administered cities of Peking, Shanghai and Tientsin, not being able to meet their grain needs through municipal agricultural efforts, must also be served by the FM.[21] The fact that a portion of the agricultural land within the municipalities of Shanghai and Peking is sown to wheat is evidence that a strong demand for it exists in those cities.

The Provincial Grain Interest

Although the geographical range of wheat cultivation is quite extensive, less than half the provinces produced more than one million tons a year between 1949 and 1959. Of those producing a million tons or more, only two consistently account for more than 10% of total national annual wheat production. These two provinces, Honan and Shantung, in 1957 accounted for 15.9% and 17.2% of the total wheat production, respectively. Nevertheless, wheat production is concentrated, with Shantung, Honan, Hopei, Anhwei, Shensi and Kiangsu accounting for over 60% of total annual output.[22] As the key producing areas, therefore, it is these provinces from which the Food Ministry must attempt to fulfill its wheat needs. It is hypothesised that these provinces have obstructed that aspiration.

Provincial officials including food department officials, take into account and attempt to anticipate the reaction of the peasantry to agricultural policy in general and grain procurement policy in particular. On foodgrain policy, the interest of provincial officials lies in fulfilling provincial needs first and foremost. They are not enthusiastic about collecting grain above and beyond estimated provincial needs. Specifically, they would prefer to extract enough grain to feed generously urban centres within their jurisdiction, and allow the balance to be retained in the countryside. Increasing rural consumption standards is likely to be far more important to provincial officials than central FM planners chiefly concerned with meeting urban grain needs. In this perspective, provincial food officials would not favor grain extraction efforts which are designed to remove a large portion of

surplus grain from the peasants, particularly if the grain were destined to be consumed in the cities of other provinces. Whatever is extracted for extra-provincial consumption must be drawn from the same source as that for intra-provincial urban consumption. In either case, it is the producers of the grain who are likely to suffer the consequences of reduced consumption. Accordingly, it is surpluses held by the peasants which will feed the cities of other provinces - and that, as we shall see, generates a great deal of dissatisfaction. Provincial food officials, then, are seeking to influence FM decision-making in directions favorable to their interests, namely to restrict, curb or eliminate surplus grain procurement programs designed to feed extra-provincial consumers.

Intra-provincial Interests

Provincial opposition to surplus grain procurement has been shaped by demands emanating from several intra-provincial sources. These sources can be separated into four levels: the individual producer, the units of agricultural production, the rural cadres, and the provincial leadership.

Individual Producers

At the level of the individual producer, FM procurement programs met with resistance even before the Government Administrative Council (GAC) passed the unified purchase and unified marketing regulations of November 1953, which put into effect compulsory sales of a portion of the surplus grain held by producers.[23] In August 1955, the "Three-Fix" grain policy was promulgated. Under provisions of this policy, grain production,

purchases and sales were to be fixed at standard levels for three years. This meant that the land of each household growing grain was assigned a production quota. From this quota were deducted household needs for consumption, seed and feed, as well as the agricultural tax. Of the balance, households were required to sell 80-90 per cent of their surplus grain to the state. Households which did not meet their production quotas were to be classified as grain-deficient and allocated grain rations to meet their needs.[24]

In September 1955, the People's Daily reported peasant reactions to the new policy. According to the newspaper, "one quarter of the villages are 90 per cent content; half are 20 to 30 per cent content; the remaining quarter are still full of problems."[25] In other words, 75 per cent of the villages were not satisfied with the new grain policy. Generally speaking, peasant opposition to the "Three-Fix" policy is understandable. The peasants were opposed to the policy because it reduced the amount of grain they could retain for their own use. The surplus grain with which a peasant could otherwise have increased his own consumption, sold or loaned grain to others, or increased his livestock holding was simply not available to him. Not only did the grain procurement policy make it difficult for the peasantry to meet all on-farm demands for surplus grain, the policy also meant that the likelihood of attaining and maintaining economic security was reduced. On the other hand, the peasants were not opposed to the policy insofar as it benefitted them directly. The peasants had no objections to the low prices they paid when buying grain. They also looked favorably upon the provision of famine relief, which assured them of grain supplies in the

event of production failures. Their main objections were that they were obliged to sell 80-90% of their surplus grain, and that the official purchase prices were too low.[26] In short, they looked favorably upon those aspects of the grain procurement policy which benefitted them, but were opposed to the costs they had to absorb as a result.

Though there was general opposition to the procurement policy in the rural areas, it was the surplus grain producers who were most directly affected by compulsory sales. The principal holders of surplus grain were the middle peasants. Comprising "over 60% of the primary producers and sellers of grain",[27] the middle peasants were the main target of FM procurement plans.

Table 4 indicates the proportion of grain marketed by each peasant stratum. Unfortunately, no data was uncovered showing the grain production of the various peasant strata. Insomuch as the middle peasants were the principal holders of surplus grain and accounted for a majority of the rural population, they probably were the main source of the grain acquired by the FM. Though the rich peasants and landlords constituted a much smaller group, the fact that they produced and sold more than the other rural classes suggests that they too were a relatively important source of grain for the FM. Having the least annual production, the poor peasants sold the least amount of grain. The poor peasants were, therefore, more likely to be allocated grain by the FM than to sell a net amount to the FM. In short, the poor peasants were not an important regular source of the grain purchased by the FM.

TABLE 4. MARKETED OUTPUT, BY RURAL CLASS, IN 1954
(year end)

Peasant Stratum (% of rural population)	% of total output marketed by each stratum
middle peasants (62.2%)	25.5%
rich peasants (2.1%)	43.1%
landlords (2.5%)	28.1%
poor peasants (29%)	22.1%

Source: Su Hsing, "The Two-way Struggle Between Socialism and Capitalism in China's Rural Areas After the Land Reform," Ching-chi yen-chiu, No. 8, 1965, in Chinese Economic Studies, Vol. II, No. 1, Fall 1968, p. 6.

With respect to foodgrain policy, the middle peasants' interest was fundamentally economic. In 1954, middle peasants constituted the largest segment of the rural population granting loans in money and grain.[28] In one investigation conducted in four provinces it was found that about 70% of the middle peasants were creditor families. It was on the basis of the surplus grain they held that the vast majority of middle peasants were able to extend loans in money and grain. The poor peasants were the principal recipients of loans extended by middle peasants with surplus grain. Repayment of these loans carried an interest charge in kind, thus promoting the economic security of the middle peasants.[29]

As the principal holders of surplus grain in the countryside,

middle peasants may be assumed to have been the main private grain sellers as well. Grain loans and private grain sales by middle peasants were possible only if two conditions obtained. First, such economic activity required that middle peasants possess surplus grain after meeting their own farm needs and fulfilling compulsory sales quotas. Middle peasants, therefore, favored strict limitations being placed on the amount of their surplus grain which could be procured by the FM.

Second, in order to transact business with those in need of grain, the middle peasants required the existence of the rural grain market. It was only with the existence of a free market that middle peasants could openly arrange loans and make sales at rates higher than the official purchase prices. In addition, the official sanctioning of a free market legitimised their profit-seeking activities, and extended protection and a sense of security to those participating. In sum, the middle peasants were opposed to planned grain purchases on behalf of the FM, and favored a free grain market.[30]

Agricultural Production Units

Another source of intra-provincial opposition to state grain procurement was the Agricultural Producers Cooperatives (APC's) and the rural people's communes. These units of agricultural production expressed their opposition to planned grain purchases by refusing to sell grain to the state. Their opposition rested on responsibilities they were charged with, internal grain demand, the role of the middle peasants in APC's, and the collusion of cooperative cadres.

Organised units of agriculture - lower stage APC's (cooperatives), higher APC's (collectives), and communes - were established chiefly to

raise agricultural output above that attained by individual farmers and mutual aid teams.[31] With respect to grain procurement, these units of production had two conflicting responsibilities. On the basis of increased output, organised farming units were to increase the incomes of their members. APC's, for example, were responsible for ensuring "that ninety per cent of the cooperative members increase their income, while the others will also not have their income reduced."[32] Agricultural production units were also to be held responsible for payment of agricultural tax, delivery and sale of agricultural products in accordance with procurement quotas, and the sale of agricultural products in accordance with advance purchase contracts which they may have signed with state purchasing agencies.[33] After 1958, the communes became the units responsible for the collection, delivery, and sale of grain to the FM. The fulfillment of these two responsibilities depended largely on marked increases in grain output. If grain output was not increased substantially, then there was likely to be a conflict between the state interest (procuring grain) and the collective interest (raising income).

Significantly, as the agricultural production units improved their grain output, internal demand also increased. Internal grain demand rose due to the interplay of two factors: (1) the distribution principle; and (2) the intensive utilisation of labor in agricultural production units. These units were directed to distribute income - in cash and in kind - according to the principle "pay according to labor, and more pay for more labor."[34] This principle coupled with the intensive mobilisation of members for labor on collective undertakings had the effect of raising internal grain consumption.[35] Higher internal

demand for available grain supplies implied either that demand would not be met or procurement quotas would not be met:

> In general, the increase of grain output in the cooperatives ... failed to match their increased demand. Under the circumstances, part of the grain the state purchased from these cooperatives were no longer surplus in nature. If the cooperatives concerned retained this part of grain for the development of sideline production, it would do them more good than to sell it to the State. In this respect, [the unified purchase and unified sale] policy was certainly not favorable to the peasants' temporary interests.[36]

The managers of units of collective agriculture apparently agreed with this evaluation and acted on it. In distributing grain, they tended to give priority to the fulfillment of their own grain needs as opposed to state requirements. During the collection and purchase of grain in 1956-57, "in many places the agricultural producer cooperatives showed the deviation of self-centralism in the distribution of grain, for they 'put the private interests above the collective interests'. So the State purchase was also reduced."[37] By not fully meeting their procurement quotas in the 1956-57 crop year, the APC's made a significant contribution to the very large grain deficit the FM faced at year's end. To cover the difference between purchases and sales in 1956-57, the FM had to withdraw over 6 billion catties of grain from the reserves.[38] Evidently, there was some truth to the view that "there is a tendency to looking after one's own interests to the neglect of the State interests."[39]

As the most important source of surplus grain, the views and interests of middle peasants on grain procurement were probably quite

influential in APC's stance. The extent to which the decision-making structures of the APC's (and the communes) were controlled by middle peasants is not entirely clear. However, it is known that there were no specific formal injunctions preventing them from standing for election and occupying positions of authority in units of agricultural production. In addressing the question of who may not occupy decision-making positions in APC's, the Draft Model Regulations for Agricultural Producer Cooperatives and the Resolution on Agricultural Cooperativization omit middle peasants.[40] This suggests that no special effort was anticipated to prevent middle peasants from occupying important positions in APC decision-making structures.

In light of the class composition of the rural population, middle peasants probably comprised a majority in many APC's.[41] This suggests that in many cases the decision-making structures of APC's were dominated by and largely informed of the interests of middle peasants. This was the case in at least one of the key wheat producing provinces:

> In Yitu hsien in Shantung, out of 248 APC's in which middle peasants predominated, 129 refused to carry out the State policy on unified purchase and sale of grain.[42]

Thus, 52 per cent of the APC's dominated by middle peasants refused to comply with FM purchase plans. Of those which did comply, many probably did not fulfill their quotas. The widespread dissatisfaction with the unified purchase and sale policy expressed by peasants during the Hundred Flowers of May-June 1957, strongly suggests that the middle peasants of Yitu hsien were not at all unique in their opposition.

The communes, created by aggregating APC's in 1958, were no less

reluctant to sell their agricultural products to state procurement agencies. A Ta-Kung Pao editorial, stressing the principle of "equal regard for urban and rural areas", pointed out that the communes were expected to deliver an assigned quota of foodstuffs to the state.[43] "All materials produced by the communes, whether they are grain, raw materials or subsidiary foodstuffs, are to be distributed according to state plan. If is not right for the communes to retain all the goods they produce irrespective of the state requirement or to refuse to sell them."[44]

The editorial discussed subsidiary foodstuffs - vegetables, fruit, meat - and noted arguments being made against selling them to the state. Quite probably, similar arguments were made regarding the sale of grain to the state. Two arguments were noted. "Some comrades" did not see the need of communes to sell subsidiary foodstuffs in exchange for things they required. "They claim that there is no longer any necessity of trading subsidiary foodstuffs since people's communes will soon reach a state of self-sufficiency where they will need none of the goods which they themselves do not produce."[45] In other words, communes would not need to sell surplus grain in order to generate revenues to buy goods, especially industrial products manufactured elsewhere. In the final analysis, FM procurement depended on the communes' generating marketable surplus of grain above their own requirements. Self-sufficiency would have reduced the amount of grain procured.

The second argument was implicit. The Ta-Kung Pao made reference to actions taken by the communes. "There is another section of people who sell the surplus foodstuffs to the state only after they have

substantially improved the meals of the communes, thinking that by doing so, they have genuinely raised the living standard of the commune members."[46] The argument, then, was that when a commune manages to achieve a sizeable surplus, the members should receive a larger portion as a reward for their efforts; the state cannot expect the members to put forward their best efforts if most of the surplus leaves the commune. Relatively high procurement levels will have a disincentive affect thereby reducing output and, hence lowering surpluses. The lower the surplus, the less there is available for state procurement.

To the extent that pressure was brought to bear to ensure that APC's and communes did meet their external grain obligations, these units had a number of evasive procedures available to them. APC's during the late 1950's were accused of under-reporting the acreage sown, the yield, and the output. Some cooperatives kept two sets of accounting books.[47] Frequently, cooperatives and communes distributed surplus grain before procurement quotas were filled. Another method used was to raise per capita consumption standards. The raising of grain consumption standards was a provincial power and therefore also implicates the provincial officials in resistance to grain procurement. In addition, communes sometimes sold lower quality grains, keeping the better grains for themselves; newly harvested grain was likely to end up in communal reserves, and old grain stocks were offered for sale.

Rural Cadres

Rural cadres had at least one good reason to take into account middle peasant interests. One of the chief performance indicators used to assess rural cadres was their success in raising agricultural output

in areas to which they were assigned.[48] Compared to other segments of the rural population, middle peasants possessed more fertile land; had more farm tools and draft animals; took better care of their land; and produced the most grain. To raise grain output, the rural cadres had to rely to a large extent on the middle peasants.

Raising output depended on more than technical inputs such as farm machinery, field irrigation, and fertilisers. It also depended on the positive production incentives which were granted to the peasants. There were two production incentives which appealed to the middle peasants: the retention of a large portion of the surplus grain they produced and a minimum of state interference and regulation of private rural grain transactions.

State grain procurement was based on extracting grain from those who were surplus producers; those producing only enough for their own needs were exempted. Therefore, it was reasonable to expect that the peasants would be inclined to attempt to stabilise their grain output at a level which would exempt them from obligatory sales to the government. The peasants also might conceal actual output for the same purpose. Procurement quotas were a disincentive to reporting increased grain production.

Similarly, the absence of measures supporting a rural free market was a disincentive in attempting to create a large grain surplus. In either case, rural cadres would find it difficult to demonstrate convincingly to their superiors that they had succeeded in raising grain production levels. As a result of this situation, middle peasants and rural cadres tended to be mutually supportive because they had

complementary interests: each needed the other in order to achieve their respective goals.

Under the circumstances faced by the peasants and cadres, a certain amount of collusion was necessary if the interests of both were to be served. For their part, rural cadres took steps to ensure that the peasants were able to retain as much surplus as was possible without arousing suspicion at higher levels. Peasant-cadre collusion was attacked in the course of the anti-rightist rectification campaign among Party members in the fall of 1957.[49] Specifically, rural cadres' obstruction of planned grain purchases was regarded as the key to the problem of state grain procurement. The rural cadres were charged with having committed the deviation of 'departmentalism': "... on the part of certain hsien, ch'u, hsiang and cooperative cadres, there is demonstrated serious departmentalism which should be criticized and overcome. Some cadres only care for the small advantages to be derived for the peasants of their own hsiang or cooperatives, and try all they can to conceal the actual output and sell less and keep more grain."[50] Cadres guilty of departmentalism were characterised as placing the interests of the cooperatives ahead of the state; not being "concerned with the grain situation in the country as a whole"; and as "entertain-[ing] the one-sided viewpoint of the peasants."[51] In practice, departmentalism was manifested in a number of ways. For example, rural cadres had made the "demand that the state make less purchases and issue more sales, and stretch[ed] out their hands to the state for more grain."[52] Generally speaking, "... in their actual work, they adopt[ed] the attitude of 'rather be scolded by one family (referring to criticism from

the upper level), than be blamed by a thousand families (referring to blame from the members of cooperatives)'".[53]

However, rural cadres were not solely to blame for departmentalist tendencies. There is strong evidence to suggest that their behavior was influenced by decisions made by their superiors, namely the provincial leadership.

Provincial Officials

As has been shown, middle peasants, organized units of collective agriculture, and rural cadres were, for different reasons, opposed to the procurement policy of the central FM. There was also the need to ensure wheat supplies to the cotton growers and the urban areas. It is at the provincial level that one would expect to find the interests of these various groups aggregated and efforts made to accommodate them.

In addition to widespread, general dissatisfaction with grain procurement policy, the provincial officials had a number of other good reasons of their own for attempting to minimise their provinces' procurement obligations to the central FM. Provincial officials had an interest in avoiding the use of force to fulfill procurement obligations. The use of coercive measures had at least three serious shortcomings. First, the procurement experience of the early 1950's indicates that the use of coercion to meet procurement quotas had led to the exercise of counterforce by the peasantry; grain collectors had been killed for their efforts.[54] Second, "commandism", or the use of compulsion, was undesirable because by coercing the producers an important source of information regarding provincial grain output was alienated. Lacking reliable information on provincial grain output increased uncertainty

concerning grain availability. This would greatly complicate the efforts of provincial officials in arranging intra-provincial distribution. Third, "commandism" was generally frowned upon as a means to meet grain quotas. If they wished to avoid severe reprimands from the central authorities, then provincial officials had to make sure that grain cadres did not resort to "commandism".[55] Of course, restrictions on the use of coercion would have reduced the likelihood that central grain quotas would be met. Since meeting grain quotas was a lower priority for provincial authorities, it was in their interest to proscribe "commandism" in the collection and purchase of grain.

Provincial officials had an interest in maintaining peaceful, orderly conditions in a province. If provincial officials submitted to purchase quotas without regard for intra-provincial grain needs, then the prospect existed that some areas under their jurisdiction would experience famine conditions. In turn, famine conditions increased the likelihood of localised disorder, including protests, theft from granaries, prostitution, murder, and black market activity.

As if these prospects were not gloomy enough, central government authorities did not look kindly upon provincial officials who allowed their citizens to starve. More than three hundred people starved in Kwangsi in 1956 as a result of the overpurchase and undersupply of grain. The provincial, special district, and hsien officials involved were held responsible for the disaster, and were "severely punished."[56]

For these reasons it was judicious on the part of provincial officials to ensure that intra-provincial grain needs were not slighted to meet heavy FM procurements quotas. Under these circumstances,

provincial officials had an interest in limiting any extra-provincial demands for wheat which might be made on them. The only extra-provincial demand came from the central FM.

It should be pointed out that opposition to the unified purchase and sale of grain was both pervasive and permanent. Evidence of the pervasiveness of opposition is available for the late 1950's. Specifically, there was widespread criticism of the central government's food-grain policy during the Hundred Flowers period in May-June 1957.[57] Although specific issues varied from place to place, opposition to procurement was articulated in Honan, Shensi, Kiangsu (major wheat producers), Kwangtung, Kansu, Hupeh, Fukien, Kiangsi, Kwangsi, Shansi, and Szechwan.[58]

Moreover, opposition to procurement was not restricted to the 1950's. During the Cultural Revolution period (1966-1969), refusal to sell grain to the FM, demands for lower grain quotas, and demands for distribution of reserve grain were widespread.[59] As had been the case earlier, rural cadres extended support to the peasants on the grain question and encouraged them to retain grain for their own consumption. Peasants and cadres took matters into their own hands in many places.[60] It appears, therefore, that widespread, persistent hostility to the unified purchase and sale of grain has existed among grain growers in China since the early 1950's.

Sources of Provincial Power

Decision-making Powers

With respect to the grain trade, the growth of provincial powers can be traced from the 1953 directive establishing the government grain

monopoly, through to the 1957-58 decentralisation measures in grain administration.

Under the November 1953 directive,[61] the provinces were granted certain limited powers. Specifically, they were empowered to make decisions concerning the apportionment of purchase and supply quotas to government organs at the administrative district and hsien levels; they were empowered to "... draw up draft plans of the types and standards of grain to be purchased in a planned manner ..."; and they were given some authority to fix grain prices within their jurisdiction.[62]

Twenty-two months later, in August 1955, the State Council issued a new set of measures pertaining to the grain trade.[63] As was the case with the 1953 directive the new measures were designed to bring under government control a larger portion of the total amount of surplus grain marketed by the peasants. In the case of the 1955 measures, there was the further intention of stabilising procurement at a level high enough to meet the FM's anticipated grain supply obligations.

The 1955 measures were widely referred to as the san-ting or "Three-Fix" policy. The policy set out procedures for "fixing" or determining the amount of grain produced, the amount of surplus grain to be purchased by the government, and the amount of grain to be sold in rural districts by the government. The "Three-Fix" policy was to remain in effect for three years, beginning with the 1955-56 grain year.

Discussing the method for fixing grain output, one source pointed out that "considering the extensive area of our country and the complicated conditions in our country, the measure is nothing more than a provision in principle, and all the areas concerned will have to work out

concrete measures in the light of local conditions to fix the grain output of peasant households correctly, simultaneous with the 'fixing purchase' and 'fixing sale'...."[64] The "Three-Fix" policy recognised the need to take local conditions into account. Moreover, it acknowledged the need for subnational officials to take responsibility for the fulfillment of planned grain purchase and sales quotas. In exchange for accepting this responsibility, the provinces were granted broad, fundamental powers in grain work.[65] These powers gave the provinces a substantial amount of control over intra-provincial grain purchase and supply. In terms of limiting wheat procurement, the provinces had three key decision-making powers. First, the authority to set grain consumption standards (and revise them in light of changing production conditions) provided provincial officials with a means of reducing the total amount of surplus grain available for procurement. Second, the authority to apportion procurement quotas among the grain-growing hsien provided a means of shielding the wheat-producing hsien from high quotas; purchase quotas for hsien growing foodgrains other than wheat could be set at comparatively higher levels. Third, the authority to determine the grain varieties to be procured gave provincial officials the power to stress the procurement of grains other than wheat.

In addition to these important powers, the provinces apparently acquired the right to fix prices for foodgrains, including wheat as early as 1953. The 1953 grain directive charged the Government Administrative Council (GAC) Financial and Economic Affairs Committee with formulating the principle upon which grain price readjustments were to be made for cities and towns. The provincial governments were directed

to "undertake to examine, in accordance with the principle formulated by the GAC Committee of Financial and Economic Affairs, grain prices in towns under their control and draw up readjustment schemes to be submitted to ... the Administrative Committee of administrative regions for approval ... and to the GAC Financial and Economic Affairs Committee for record...."[66] As no reference is made to the price-fixing process in the 1955 grain measures, the 1953 price provision probably remained in effect. The decentralisation of the commercial ministries in 1958 formalised provincial pricing authority.[67] Evidently, the power to fix grain prices was used. Donnithorne has pointed out, for example, that:

> In 1959 the Kweichow Provincial People's Council was reported to have decided to raise the procurement prices for rice, millet and beans, in order to provide incentive for greater production. No indication was given in the report that this action by a provincial authority was anything out of the ordinary.[68]

More recently, information has become available which indicated that wheat prices "seem to be set according to the province."[69] It is clear then, that the provinces have some authority to set grain purchase and sales prices. The authority to fix prices is probably limited in the sense that provincial price adjustments must fall within the price ranges for various grains as established by the State Council Financial and Economic Affairs Committee on behalf of the FM. Even with such limits, the manipulation of intra-provincial grain prices provides a means of encouraging or discouraging both the production and sale of certain varieties of grain.[70] For example, on the basis of this authority, the provincial government could either raise wheat purchase prices or lower them. If prices were raised, then the quantity of wheat which could be

purchased with a given amount of funds would be reduced. If prices were lowered, then the amount of wheat offered for sale by the peasants would probably be reduced.[71] Although price-fixing enhanced provincial control over wheat procurement, it is the three decision-making powers discussed earlier which probably had the greatest impact on efforts to curb the central FM's acquisition of wheat between 1955 and 1958.

As the "Three-Fix" policy approached the termination date (presumably June 1958), proposals were advanced favoring a redistribution of authority in the grain trade. During 1956 and 1957, "a few comrades", probably provincial officials, had taken the view that

> ... Central Government control over purchase, sale and transfer would involve too many targets and too much restriction and, moreover, would incline the local governments to rely on the Central Government. In their view, the provisions forbidding excess sales, reduction of collection and use of surplus grains are somewhat irrational and would cause some inconvenience. They suggested that the 'amount of difference between collection and sale' and the 'amount of difference in transfer' be taken as targets in place of the centralized management of purchase, sale and transfer. Under such arrangements, all areas, after fixing the amount of difference between collection and sale and the amount of difference in transfer, may organize their own food-grain purchase and sale plans, may collect and sell more or collect and sell less, and have authority to dispose of the foodgrains that are in excess of the plans; when they are unable to fulfill their plans, they will try to make up. In their view, such arrangements can suit local conditions and bring the local activity into full play.[72]

Significantly, these proposed changes in the division of responsibility and authority between central and provincial governments were acted upon. Between the winter of 1957 and the spring of 1958, the State Council promulgated three sets of regulations which sanctioned important

changes in provincial decision-making authority over the grain trade. Taken together, the thrust of the measures was to expand and entrench existing provincial grain powers. In April 1958, the State Council issued measures effecting a decentralisation of authority in grain administration.[73] Under these measures, the central officials retained nominal control over setting provincial purchase and supply targets; the provincial officials were authorised to readjust these targets in accordance with local conditions. Intra-provincial transfer targets were "within broad limits, left to the provincial authorities."[74] Generally speaking, the provincial officials had been granted virtually complete control in determining grain plans and targets within their jurisdictions. The central government retained its authority to establish inter-provincial grain transfer targets. Under normal circumstances, these targets were not subject to major revision; the provinces were expected to fulfill assigned transfer balances on the basis of their substantial control over intra-provincial grain work.

The State Council also issued measures which had implications for the control of state grain reserves. In November 1957, the Decree on the Reform of the Commercial Management System was promulgated.[75] In this decree control over Grade 1 granaries was divided between the central and provincial levels. Previously, the central officials had had exclusive control over these grain stocks; under the new arrangement the central FM was to be the "senior partner."[76]

Finally, in the first half of 1958 the State Council issued additional related grain measures.[77] These measures, known as the pao-kan policy, effected a shift of responsibility from centre to province and

introduced a new grain purchasing system. Under this policy, the central FM was relieved of its responsibility for providing food to grain-short peasants in grain-growing areas. This responsibility was assumed by the provincial governments. In terms of the size of the grain-short population, the central FM had reduced its total supply obligations by roughly 25%.[78] At the same time, this meant that the provincial governments were directly responsible for supplying grain to over 50 million peasants.

This shift of responsibility implied that provincial grain procurement on behalf of the central FM could be correspondingly reduced. Prior to 1958, tax, food ration, and seed and fodder requirements were all deducted from total output to arrive at the surplus available for state purchase. Of the surplus, 80-90% was to be sold to state procurement agents. For all practical purposes, this amounted to a central FM monopoly with respect to the disposition of surplus grain.[79]

Due to the shift of responsibility for grain-short peasants, a profound change was made concerning procurement. The pao-kan policy replaced the variable purchase quota[80] with a "fixed" purchase quota. Regardless of the harvest obtained, the fixed purchase quotas basically were not subject to modification.[81] In practice, the fixed purchase quota was to be added to the other standard deductions made against total grain output. After having made all the necessary deductions, any remaining grain was regarded as surplus. Significantly, the power to decide on the disposition of surplus grain after 1958 rested at the provincial level. Provided that the fixed purchase quotas were fulfilled,

the provinces were not required to direct subordinate units to sell any of the surplus grain to state procurement agents. Instead, they were in a position to build up reserves under provincial jurisdiction, distribute additional grain for consumption within the province, and so on. This explains why the provinces were granted some authority over the disposition of stocks in Grade 1 granaries: access to the granaries was needed because a portion of the grain stored was under provincial jurisdiction.[82]

The change made to procurement policy in 1958 was intended to stabilise central FM grain acquisition regardless of the harvest obtained. However, it eliminated the possibility of substantially overfulfilling purchase quotas in good harvest years because the central FM now had no authority over the disposition of surplus grain. In other words, the central FM had lost the power to bring under its control the greater part of the surplus grain generated by increased output. This change had serious implications for the capacity of the central FM to supply its grain customers. If demands for grain supplies continued to rise, especially in the major urban centres, then the fixed quantity of grain available for distribution would gradually become totally inadequate. This hypothesis suggests the need to examine urban grain demand after 1958 and the central FM's response. In the meantime, it is worth noting that the pao-kan policy was in effect between July 1958 and June 1963. Thus, the central FM's loss of power to procure surplus grain corresponds with the initiation of sizeable wheat imports, which began in 1960-61.

Provincial control over the disposition of surplus grain was an important power resource. Obviously, to remove any doubt that the central FM might interfere with the surplus, the provincial officials needed the power to ensure the execution of provincial decisions on grain procurement. Two important power resources in this regard are the control of the provincial grain apparatus and control of relevant information.

Control over the Provincial Grain Apparatus

This crucial power has three components: provincial control over (1) grain personnel; (2) allocation of manpower; and (3) grain procurement organs.

The provincial officials can ensure enforcement of their grain procurement decisions through control over the grain cadres. Control over the grain cadres was based on both promises and threats. Specifically, cadres who elected to support and implement provincial grain decisions were likely to experience rapid promotion within the province.[83] Cadres tempted to resist or obstruct the correct implementation of provincial decisions had to consider the consequences. Disciplinary measures, ranging from stern warnings to dismissal from the Party, could be used if necessary. Obstructive cadres were liable for dismissal from their posts; more reliable cadres could then be installed in these same posts.[84] Teiwes mentions two specific methods which were widely used to deal with uncooperative cadres in general.[85] One method was to hold a formal examination on a cadre's behavior; in some cases charges could be fabricated in order to impose disciplinary measures. The other method was to demote, transfer laterally, dismiss, or otherwise remove

recalcitrant cadres from key posts. Occasionally, this action was justified on the grounds of organisational retrenchment. In short, if provincial officials were determined to limit grain procurement, then the grain cadres were an unlikely source of opposition. The effective control of grain cadres was probably partly responsible for the outright failure to buy certain agricultural products slated for planned purchase in 1958-59.[86]

The provincial officials ensure the enforcement of their procurement decisions through control over the allocation of manpower. It should be emphasised that provincial governments are faced with diverse demands competing for the allocation of a variety of resources, including personnel, funds, and manpower. While other resources are important, sufficient manpower is perhaps crucial to the successful execution of assigned tasks. In the agricultural sector, the provincial officials must arrange the distribution of available manpower for such tasks as irrigation construction, water conservancy, ideological and political education campaigns, and, of course, for planting, fertilising, weeding, and harvesting. They have not only a great number of tasks, but many of these must be performed simultaneously.

Grain procurement tasks place heavy demands on available manpower. For example, in the 1953-54 grain year, "several million cadres took part in planned grain purchase work"[87] nationwide. Obviously, at the provincial level grain procurement involves tens of thousands of cadres. Faced with many priorities, provincial officials regarded grain procurement as simply one task among many requiring manpower. To the extent that provincial officials sought to limit procurement on behalf of the

FM, the control over manpower gave them at least three methods of doing so. First, available manpower was allocated to rural tasks other than grain procurement. During the 1958-59 purchasing drive, for example, "... areas have been so preoccupied with the revamping of people's communes that they have not been able to devote a great deal of time to the [grain] collection."[88]

Second, grain procurement operations were "relaxed" or slowed down so as to let time run out and have procurement tasks overtaken by more pressing rural tasks. In other words, cadres were ordered to go-slow until other scheduled assignments became so imminent that manpower necessarily had to be diverted away from grain procurement. The "basic completion" of the 1958-59 purchase program was jeopardised by the fact that rural manpower had to be reassigned to the "busy spring cultivation."[89] Finally, of that manpower apportioned to perform purchasing tasks, it was entirely possible for the provincial officials to assign more cadres to purchase grain crops other than wheat. Clearly, by overburdening those charged with wheat procurement the acquisition of a large volume of wheat was unlikely.[90]

More generally, provincial cadre recruitment practices had implications for grain procurement. One author has hypothesised that, if regime interests with respect to grain procurement were to prevail over peasant interests, it probably would become necessary to rely on "bureaucratic and predominantly coercive controls wielded by outsiders...."[91] Had provincial authorities wanted to ensure that surplus grain was procured on behalf of the FM, they would have recruited outsiders to staff the bureaucratic and coercive apparatus at the sub-provincial level.

TABLE 5. DISTRIBUTION OF NATIVES AND OUTSIDERS AT SUBPROVINCIAL LEVEL, BY FUNCTION, 1962-65

Function	N	Native	Outsider
Politics	90	69%	31%
Administration	47	87%	13%
Finance and Trade	51	88%	12%
Coercion	10	60%	40%
Education and Technology	19	21%	79%

Source: Michael Oksenberg, "Local Leaders in Rural China, 1962-65: Individual Attributes, Bureaucratic Positions, and Political Recruitment," in A. Doak Barnett (ed.), Chinese Communist Politics in Action (Seattle: University of Washington Press, 1969), p. 187.

As Table 5 indicates, it is clear that outsiders[92] were a minority in subprovincial coercive apparatus. Moreover, the two functional fields with responsibility for the local grain trade - administration and finance and trade - mainly were composed of individuals native to the locality in which they were posted.

The provincial officials also were able to enforce their procurement decisions through control of the provincial grain purchasing organs. Prior to 1958 there was little opportunity to exercise control over the purchasing system because the provincial governments only acquired control in 1958.[93] The decentralisation measures taken in respect to the commercial system, which included the FM, made a significant change in the control of the procurement apparatus. After January 1, 1958 the provincial food departments exercised sole control over the China

Foodgrain Company's provincial and sub-provincial offices.[94] In effect, there was only one organisational linkage with the procurement apparatus, and that was through the provincial food departments and their subordinate bureaus. In other words, from 1958 the central FM exercised no direct control over the China Foodgrain Company's subnational offices.[95]

The result of this change in control relationships was a significant weakening of the central FM's ability to direct procurement in the provinces. Organisationally, the central FM could attempt to exert pressure on the provincial food departments. However, the food departments were under the effective control of senior provincial officials. Specifically, they were directed by the Provincial Party Committees after January 1958.[96] Consequently, the central FM's organisational control over provincial procurement agencies was seriously undermined. To a certain extent it also lost control of the provincial food departments. This change in the foodgrain system strengthened the capacity of the provincial governments to exercise their authority in the grain trade. Moreover, it corresponded with their newly acquired responsibilities for disposing of surplus grain, balancing intra-provincial purchase and supply, and feeding grain-short peasants.

Control over Information

The control over information entails not only the possession of relevant information, but also the capacity to determine which information will be transmitted to superiors and subordinates. Provincial officials were well situated in the administrative structure. They

could control both the upward and downward flow of information and directives. This meant that they not only had the final word on annual provincial grain output data, they also were able to interfere with the transmission of central government directives.

The provincial level, however, was also vulnerable to misinformation generated at lower levels. The most likely manipulation of information is the inflation of population statistics and the deflation of grain output statistics.[97] Over-reporting of population could be achieved, for example, by simply failing to remove from registration rolls those who had moved, died, or otherwise no longer required foodgrains. Similarly, births and inward migration which had not occurred might be added to the rolls. Under-reporting of sown area, yield per unit of sown area, and total grain output seems to have been common. By increasing the former and decreasing the latter, the result is a reduction in the grain available per capita in a given area. This political arithmetic could push per capita grain availability low enough to justify requests for a reduction in purchase quotas at the hsien level. In some cases, such data could be used to argue for net inward grain transfers from other areas in a province.

Provincial officials doubtless were aware of these practices, but there are at least three reasons for tolerating grain fraud at subprovincial levels. First, any serious attempt to curb fraudulent grain reporting would have required a major, persistent and expensive monitoring program. Even with such a program, grain fraud would have been difficult to prevent because there were genuine problems in assessing output, surplus, demand and shortage of grain.[98] A typical

problem, for example, was in clearly distinguishing households with surplus grain from those with shortages of grain.[99] Assessment problems were compounded because there were many different forms of underreporting, and these deceptions involved not only the peasants but also rural cadres and the management committees of APC's and communes.[100] Moreover, underreporting would have had to have been exceptionally widespread before it threatened the fulfillment of intra-provincial grain needs.

Second, underreporting permitted more grain to be retained by the producers; it provided an incentive, albeit an illicit one. More important, some of the grain withheld presumably was kept for emergency purposes. Underreporting provided some margin of safety against intra-provincial agricultural calamities, especially those which were not devastating enough to qualify for relief assistance from the central government.

Third, provincial officials doubtless brought forward provincial grain and population data in their attempts to negotiate lower transfer quotas. The lower the grain-to-population ratio, the better their case for reduced quotas. If a deception was uncovered, then the provincial officials could deny direct knowledge of that fact. Also, they were in a position to shield errant subordinates from punishment. In any event, the resulting uncertainty regarding actual grain and population data probably spurred the provincial officials to negotiate quotas aggressively.

Provincial officials distorted central directives to meet their own needs. They have been known, for example, to alter, delete, and

replace words, phrases, and provisions in central directives as was deemed necessary.[101] More commonly, provincial officials simply did not transmit objectionable directives to lower levels. For example, in late June 1957, the provincial leadership in Honan had implemented measures to relax regulation of the rural market and restrict grain procurement.[102] At a National Grain Conference held in July 1957, decisions were taken to increase grain purchases in bumper crop areas and to abolish rural free markets.[103] Obviously, these decisions conflicted with those taken earlier by the Honan leadership. The 5th (enlarged) plenary session of the Honan Provincial Committee, held in August 1957, could have been expected to transmit the national decisions. During the session, however, the provincial leadership did not allow a report to be made on the decisions taken at the National Grain Conference.[104] Thus, the provincial officials hoped to avoid implementing the centrally-sponsored grain decisions simply by not acting on them.

Finally, control of the public communications media also was held by provincial officials. To increase grain purchases, provincial level assistance would be necessary in order that press and radio propaganda efforts, designed to exhort peasants to sell a little more surplus grain, came to pass. Without some concrete concessions to the involved province, provincial officials could hardly be expected to urge the peasants to part with their grain.

Access

At the first stage of decision-making the central FM determines grain supply strategy. As constituent units of the FM organisation, provincial food departments had routine bureaucratic access to the central FM. On matters of importance, the central FM called national conferences attended by senior officials of the provincial food bureaus.[105] If political power can be defined as participation in decision-making, then these grain conferences provided fora in which the provinces could exercise power. In this regard, it is noteworthy that the central FM called a conference of the key wheat provinces in June 1958.[106] The participants were directors and deputy directors of the grain departments and boards of Honan, Kiangsu, Anhwei, Shansi, Shantung, Shensi, Hupeh, and Hopeh. The purpose of the conference was to discuss the implications of the pao-kan policy for grain procurement. It will be recalled that the pao-kan policy had shifted control of surplus grain from the central FM to the provincial governments.

As could be expected, the conferees discussed, apparently at great length, the intentions of the provincial governments with respect to the disposition of surplus grain. Three measures for the disposal of surplus grain were considered:

> The first is to let the grain stay in the hands of the cooperatives until the autumn harvest is over when the larger portion of the surplus from an assessment for the year will be incorporated into grain stocks or common reserves of the cooperatives and the balance (five to 10 percent or 20 to 30 percent) will be distributed to the cooperative members according to the amounts of labor they expend, thereby appropriately improving the conditions of their grain consumption. The second suggests sale, in

> the course of the state summer collection, of the surplus in discharge of the cooperative annual commitments to the state for final settlement after the autumn harvest. The third calls for free disposal by cooperatives. The majority of the representatives think that the first measure is the most reliable and practical.[107]

It is indicative of the distribution of power that the second measure was not acceptable. The second measure, proposing the sale of surplus grain, was in the interest of the central FM and probably originated with its representatives. Given the provincial grain interest, it can be assumed that the other two measures were advanced by provincial representatives. Obviously, the principal goal of the authorities in the wheat provinces was to use surplus grain to build subprovincial reserves. The balance was to be distributed to the peasants. It is clear that the wheat provinces did not regard selling part of the surplus to the central FM as an attractive option. However, the provincial food representatives did concede that "... grain departments should actively buy [the] portion of the surplus [distributed to cooperative members] if it is the desire of the cooperatives concerned to sell it to the state to enlarge reproduction."[108] Given the interests of agricultural production units, the provincial food representatives must have realised that most of the distributed surplus would not leave the cooperatives. In effect, authorities in the wheat provinces had decided, under the auspices of the central FM, that surplus grain would not be sold to the central government.

Evidence of provincial access to the central FM based on overlapping membership is weak. Those individuals who occupied a position as Vice Minister of the FM in 1961 were selected in order to identify

access relationships based on overlapping membership. In 1961, none of the Vice Ministers concurrently held a position in any of the key wheat provinces.[109] Of the seven individuals known to have held the position of Vice Minister in 1961, two members had been affiliated with key wheat provinces. Prior to his FM appointment in February 1960, Yang Shao-ch'iao had held positions in Honan.[110] An Fa-ch'ien, a native of Pingyuan province, was appointed Vice Minister of the FM in September 1960.[111] Pingyuan was abolished in 1952, and absorbed into Shantung, Honan and Hopei.[112] An had served in the Pingyuan Provincial Government, and would have had contact with those individuals who were reassigned to Shantung, Honan, and Hopei in 1952.[113]

A former Vice Minister of the FM, Huang Ching-po, was Vice Governor of Shensi from August 1958 to December 1963; in addition he was a member of the Shensi Provincial Committee from March 1960 to May 1968.[114] Huang was a Vice Minister of the FM from November 1952 to October 1954 and again from December 1955 to September 1959. Thus, Huang's period of service in the FM corresponds to that of several other Vice Ministers who survived him. In fact, of the seven Vice Ministers in 1961, Huang had served with four of them.[115] Huang's long association with these individuals in the FM probably provided direct access even after he took up posts in Shensi. The cases of Yang, An and Huang suggest that not only were individuals associated with the key wheat provinces prior to their FM postings, but also that they returned to serve in and for those provinces after they had been retired from the central FM apparatus.

In sum, there is no evidence of overlapping memberships between senior FM positions and positions in the wheat provinces during 1961.

Some individuals held positions in Honan, Shantung, Hopei and Shensi prior to and after retirement from senior posts in the FM. However, the implications that this had for provincial access to the central FM are not clear. Insomuch as national conferences were used to discuss, decide, and transmit grain policy, overlapping memberships were perhaps unnecessary at senior levels in the FM.

Domestic Grain Procurement

Provincial power over the grain trade gradually increased between 1953 and 1958. Even prior to the decentralisation of grain administration in 1958, the provinces possessed the requisite instrumentalities to affect the FM's domestic procurement program. Having the power to do so in principle, the theoretical expectation is that they actually did so in practice. Is there empirical evidence indicating that the wheat provinces actually did influence FM grain procurement in directions favorable to their interests in the 1950's? If the major producing provinces curbed the FM's acquisition of wheat, then this should be reflected in some manner in the quantitative data concerning grain procurement.

The Food Ministry has at its disposal two basic methods of extracting grain from domestic producers. One method is through raising the level of the agricultural tax-in-kind, and the other is purchasing at official prices the grain held by the producers. The greater part of the agricultural tax has been normally paid in foodgrains. For example, in 1955, 85 per cent of the total agricultural tax was paid in grain.[116]

TABLE 6. GRAIN TAX AS PERCENTAGE OF TOTAL STATE PROCUREMENT, 1950-1959
(millions of catties, excluding soybeans)

Calendar Year	Total Collection and Purchases	Grain Collected as Tax	Grain Tax as % of Total
1950	66,850	35,340	52.9
1951	(69,200)	43,740	63.2
1952	(71,550)	38,800	54.2
1953	73,900	35,100	47.5
1954	93,200	38,000	40.8
1955	87,600	38,000	43.4
1956	75,700	36,800	48.6
1957	(90,530)	36,000	39.8
1958	105,920	(40,041)	37.8
1959	(121,310)	(40,532)	33.4

Source: Dwight Perkins, Market Control and Planning in Communist China, (Cambridge: Harvard University Press, 1966), pp. 248-249.

Notes:
(a) Bracketed figures for total procurement for 1951, 1952, 1957, and 1959 are estimates. For 1951 and 1952, the difference between the 1950 and 1953 figures (7,050) was allocated equally among 1951, 1952, and 1953 (2,350). For 1957 and 1959, the calendar year index provided by Perkins was used to derive these estimates. Quantities are husked grain.

(b) Bracketed figures for agricultural tax for 1958 and 1959 are estimates. Perkins gives the yuan equivalent for agriculatural tax collected in 1957, 1958, and 1959. He also provides the 1957 total grain tax collected as 36,000 million catties. By assuming that the yuan value remained roughly the same in 1958 and 1959, the agricultural tax collected in these years can be calculated.

TABLE 7. TOTAL PROCUREMENT AS A PERCENTAGE OF TOTAL GRAIN OUTPUT, 1950-1959
(millions of catties, calendar years)

Year	Grain Output[a]	Total Procurement[b]	Procurement as a % of Output
1950	211,990	66,850	31.5
1951	229,585	(69,200)	30.1
1952	262,480	(71,550)	27.3
1953	266,730	73,900	27.7
1954	272,765	93,200	34.2
1955	297,160	87,600	29.5
1956	310,250	75,700	24.4
1957	314,500	(90,530)	28.8
1958	340,000	105,920	31.2
1959	280,500	(121,310)	43.2
		average procured:	30.8

Sources: Refitsu Kojima, "Grain Acquisition and Supply in China," E. Stuart Kirby (ed.) Contemporary China, Vol. V, 1961-1962, (Hong Kong: Hong Kong University Press, 1963), pp. 72-73 for 1950-1956 grain output data. For 1957-1959 grain output data, Robert Michael Field and James A. Kilpatrick, "Chinese Grain Production: An Interpretation of the Data," CQ, No. 74, June 1978, p. 372.

Notes:
(a) Excludes soybeans and converted to husked grain at the conventional rate of 85 per cent.

(b) Excludes soybeans; husked grain. Bracketed figures are estimates from Table 6.

The extent to which the grain tax has been manipulated is reflected in Table 6. Obviously with the passage of time, the grain tax has accounted for a gradually decreasing proportion of total procurement

from grain producers. On the other hand, reliance on compulsory purchases and some voluntary purchases has increased gradually. It is significant that in the 1950's the Food Ministry in general acquired, on average, no more than 31 per cent of total foodgrain production annually. This is indicated in Table 7. In the 1950's, for all foodgrains, as production increased, the Food Ministry consistently procured roughly the same percentage of total output each year. Of course, provided production continued to increase yearly, the amount of grain procured also increased.

When we turn to the question of wheat acquisition, however, the situation is not the same as with foodgrains in general. It is clear that the amount of wheat acquired by the Food Ministry was dropping between 1954 and 1957 even though wheat output was slowly rising. Moreover, wheat was gradually becoming a smaller part of total acquisition, dropping from nearly 25% to almost 17% in the space of three years. As the amount of wheat in total procurement was diminishing, then, other grains were being procured in its place. This is persuasive evidence for the hypothesis that the major wheat producing provinces were retaining wheat and acquiring other grains on behalf of the Ministry. If wheat demand was rising in the urban areas and the amount of wheat procured from producing provinces for distribution to the cities was decreasing, then the producing provinces exercised a significant influence on the Food Ministry's procurement program in the direction of limiting domestic wheat procurement on behalf of the Ministry.

TABLE 8. STATE WHEAT PROCUREMENT, 1953-54 to 1958-59
(million catties)

Year	Total Wheat Output	Total Wheat Procurement	% of Output (a)	% of Procurement (b)
1953/4	36,600	12,525	34.22	15.1
1954/5	46,700	22,276	47.7	24.7
1955/6	45,900	16,019	34.9	18.6
1956/7	49,600	14,533	29.3	17.4
1957/8	47,300	(13,859)	(29.3)	(14.9)
1958/9	57,900	(15,353)	(26.5)	(13.8)

Notes:

(a) Bracketed figures are estimates. Wheat procurement as a proportion of total wheat output for 1953-54 is given as 34.22 per cent in SCMP 664, pp. 23. The percentages for 1954-55 through 1956-57 are from Liang Shih Commentator, "Certain Basis and Ideas for Wheat Collection and Purchases," Liang Shih (Grain), No. 5, May 25, 1957 in ECMM 89, pp. 3-5. Total wheat acquisition derived from these percentages. SCMP 2119 reports that 10.78 per cent more wheat was purchased in 1958-59 than in 1957-58. The 1957-58 and 1958-59 figures were derived on the assumption that purchases in 1957-58 represented the same proportion of total output as the 1956-57 purchases, 29.3 per cent. Alternately, one could assume that purchases in 1957-58 were no more than the average proportion of total output procured between 1953-54 and 1956-57, 36.5 per cent. On the latter assumption, total procurement in 1957-58 was 17,265 million catties, representing 18.6 per cent of the total grain procurement; 1958-59 total procurement was 19,126 million catties (33 per cent), representing 17.2 per cent of total procurement. Thus, even under the assumption of greater procurement the proportion of wheat in total FM grain acquisitions does not increase.

(b) Dwight Perkins, Market Control and Planning in Communist China (Cambridge: Harvard University Press, 1966), pp. 248-249. To calculate wheat acquisition as a percentage of total acquisition, Perkins' grain year collection and purchase figures were used.

There is indirect evidence that the acquisition of wheat by the Ministry continued to decline after 1957. One interesting point is that under the 1958 agricultural tax regulations the State Council - more precisely the Finance and Trade Office - set the tax rate for each province. Significantly, "within each province the 1958 regulations allowed the provincial authorities to vary rates of tax from one area to another, so long as the total laid down for the province was duly paid, and similar latitude was accorded to the lower authorities...."[117] Apparently, the State Council Finance and Trade Office, and by implication the Food Ministry, was unable to enforce tax collection of particular varieties of foodgrains. In other words, under the 1958 tax regulations provincial officials were in a position of determining which food producing areas under their jurisdiction would be taxed at what rates. Thus, provincial officials could make the crucial decision to tax key wheat producing hsien at a lower rate than, say, rice or, more likely, coarse grain[118] producing hsien. Although the regulations did not allow any hsien or higher authority to tax those units below it at a rate greater than 25%, it is fairly clear that this tax provision gave the provinces the power to determine the quantities of different varieties of grain to be forwarded to the state granaries.

Provincial officials seem to have enjoyed a similar scope in determining purchase quotas for grain surplus households. Under State Council measures regarding rural grain purchase and supply which were promulgated in August 1955, "concrete rates of purchase shall be determined by the people's committees of provinces, autonomous districts, and municipalities directly under the central government."[119] At the same

time, it was pointed out that the amount of surplus grain to be purchased from peasant households "should, in general, account for 80-90 per cent of their surplus grain...."[120] In other words, provided that 80-90 per cent of the surplus grains produced in a province were collected, a degree of flexibility existed in implementing this measure such that specific purchase quotas for different hsien could be higher or lower than the general purchase rate for surplus grain. To some extent this measure, like the tax provision, allowed the provinces to determine quantities and varieties of surplus grain to be purchased on behalf of the Food Ministry.

Similarly, on the consumption side, provincial officials were empowered under the Three Fix policy to determine grain consumption standards for peasant households under their jurisdiction, and to readjust them upward or downward if they were too low or too high.[121] On the face of it, provincial officials are not likely to set grain consumption standards too low; low standards would act as a disincentive to grain production. Generally, the lower grain consumption standards are set, the greater the number of households which could be classified as grain-surplus, and the fewer which would be regarded as grain short. Being classified as a grain-surplus household entailed selling most of the surplus to the state at official prices. Moreover, surplus households were not allowed to submit requests for additional grain supplies from the state. If classified as a grain-short household, however, requests for additional supplies would be allowed. The margin of grain retained by surplus and short households would be small if low consumption standards were set. Consequently, low consumption standards

would probably reduce the incentive to increase grain output for household use and state purchase. In any case, low standards would be difficult to enforce.

On the production side, provincial officials apparently were able to more or less overcome restrictions on producing particular crops. Specifically, "... though originally the higher authorities had sent down plans for different crops proportionately ... in the actual implementation of the plans the proportion set has been overruled. From the north to the south throughout the country, many examples can be found to substantiate this."[122] In other words, local officials, probably provincial officials, were determining the mix of different varieties of foodgrains and economic crops to be produced.

The exercise of this decision-making power at the provincial level plus the tax and purchase provisions mentioned above appear to provide a partial explanation for the declining proportion of wheat in total state grain procurement. Specifically, the relatively large area sown to coarse grains in the major wheat producing provinces[123] suggests that it is these grains and not wheat which comprise a substantial portion of the state collection and purchase in the wheat producing provinces. In fact the Three Fix policy promulgated by the State Council made explicit reference to the preferred mix of foodgrains to be acquired: "the varieties of grain for unified purchase, should, in general, mainly consist of cereals and beans and may also include some miscellaneous grain."[124] Evidently, provincial officials were not paying much attention to this provision because it was in the following grain year, 1956-57, that the lowest percentage of wheat was acquired in the years for which concrete data are presently available.

Obviously, the Food Ministry was purchasing and collecting a portion of wheat output, but those intra-provincial areas concentrating on coarse grains would seem to account for a large volume of the grain procured in the key wheat producing provinces.

This suggests quite clearly that the greater part of wheat output was being retained within the producing provinces. The intra-provincial demand for wheat was great. In fact, had it not been for the FM's procurement program, all the wheat produced in the six principal provinces could have been consumed by their population.[125] The provinces doubtless were fulfilling their inter-provincial transfer obligations, but to do so they were shipping coarse grains and potatoes, not wheat. Therefore, the provinces do seem to have been able to influence the FM's procurement program toward limiting domestic wheat procurement in the 1950's.

Quantitative grain procurement data for the period since 1959 have not been made public. However, the average annual commodity rate - the marketed portion of grain output - has been uncovered for three different periods. These commodity rates, and estimates of average annual procurement Based on them, are displayed in Table 9.

TABLE 9. AVERAGE ANNUAL PRODUCTION, PROCUREMENT, AND COMMODITY RATE: 1953-59, 1953-67 and the 1970s (millions of catties of husked grain)

Period	(1) Average Annual Production	(2) Average Annual Procurement	(3) Average Annual Commodity Rate %
1953-59(a)	339,012	91,400	27
1953-59(b)	311,320	91,400	29
1953-67	319,920	79,980	25
1970's	445,480	89,096-102,460	20-23

Notes:
Column (1) - Average Annual Production
1953-59(a) - Current Background (CB) 604, p. 24, gives both average annual procurement and commodity rate for 1953-59. Given the level of procurement, the commodity rate of 27 per cent is based on the official grain output statistics for the 1953-59 period. In other words, it included the inflated output figures for 1958 and 1959. For the official grain estimates, see Dwight Perkins, Market Control and Planning in Communist China, (Cambridge: Harvard University Press, 1966), p. 69.

1953-59(b) - Average annual grain output for the period was calculated on the basis of adjusted grain output estimates from Henry J. Groen and James A. Kilpatrick, "China's Agricultural Production," in Joint Economic Committee (95th Congress, 2nd Session), Chinese Economy Post-Mao, (Washington, D.C.: U.S. Government Printing Office, November 1978), p. 649. Groen and Kilpatrick estimates were used for the 1953-67 calculation. For the 1970's, it was assumed that the reported commodity rate applied to the 1970-75 period. Again, Groen and Kilpatrick estimates were used to derive average annual production.

For all average annual production estimates, it was necessary to convert the figures from unhusked to husked grain. This is due to the fact that grain procurement is reported in terms of husked grain. The transformation ratio of unhusked grain output to husked grain output is .86 to 1. See David Ladd Denny, Rural Policies and the Distribution of Agricultural Products in China: 1950-1959. Ph.D. dissertation, The University of Michigan, 1972, pp. 283-287.

Column (2) - Average Annual Procurement
1953-59 - This figure is reported in CB 604, p. 24. It has been used for calculations involving both 1953-59(a) and 1953-59(b).
1953-67 and the 1970's - These estimates were derived by multiplying column (1) by column (3).

TABLE 9 (continued)

Column (3) - Average Annual Commodity Rate.
1953-59(a) - This percentage is reported in CB 604, p. 24. The estimate includes soyabean procurement. It is not known whether the 1953-67 and 1970's commodity rates also account for soyabean procurement. However, there are two reasons for assuming that soyabean procurement would not make an appreciable difference in the commodity rate. First, the average annual soyabean procurement in the 1950s was about 4.7 billion catties. Thus, soyabeans represented only 5 per cent of grain procurement in 1953-59. Second, in the 1950s, annual soyabean output averaged 20 billion catties. Available data indicates that soyabean output has remained at the 20 billion cattie level between 1952 and 1976. It is unlikely that soyabean procurement increased after the 1950s. See David Ladd Denny, Rural Policies..., pp. 295, 310. For production figures, see Henry J. Groen and James A. Kilpatrick, "China's Agricultural Production," p. 649.

1953-59(b) - This rate was derived by dividing column(2) by column(1).

1953-67 - The commodity rate is reported in I Fan, "Communist China's Domestic Trade in 1970," in Communist China 1970, EC-51, (Hong Kong: Union Research Institute, 1971), p. 267.

1970's - Hua Kuo-feng is reported to have stated at the Tachai Conference in September 1975, that the marketed portion of the grain harvest averages 20-23 per cent. It has been assumed that this rate applies to the 1970-75 period. See J. C. Abbott, "Food and Agricultural Marketing in China," in Food Policy, Vol. 2, No. 4, November 1977, p. 318.

Several observations can be made. First, the commodity rate was relatively high in the 1950s. Second, the rate dropped in the 1960-67 period. This drop corresponds to the shift in control over surplus grain to the provincial level. It also reflects decisions made by the provinces regarding the uses to which that surplus would be put. Of course, there were widespread agricultural failures in the 1959-61 period. However, these disasters should have affected available provincial surpluses rather than the central FM's procurement program. Although the 1970's were not marked by agricultural calamities, the commodity rate dropped a further 2-5 per cent from the average for most

of the 1960's. Finally, due to the combined effect of a gradual decline in the commodity rate and a steady increase in grain output in the 1960's and 1970's, the central FM procured roughly the same absolute level of grain as it had in the 1950's. This strongly suggests that, between 1960 and 1975 the central FM was unable to negotiate major purchases of surplus grain from the provinces.

As with total annual grain procurement estimates since 1959, quantitative data on state wheat procurement have not been made public. Nonetheless, there are strong grounds for arguing that, since 1960 central FM grain procurement in the key wheat provinces has been insignificant.

By 1962, state grain procurement was threatened to such an extent that the central authorities were compelled to take extraordinary steps. Specifically, the central government devised a new scheme for promoting surplus grain procurement. The scheme was outlined in Article VI of the Resolutions on the Further Strengthening of the Collective Economy of the People's Communes and Expanding Agricultural Production, adopted by the Tenth Plenum of the Eighth Central Committee on September 27, 1962. It was decided that:

> We should obtain agricultural products by economic rather than by administrative means, that is, through purchase by discussion and agreement.... The nation must, to the greatest extent possible, provide ever-increasing amounts of the means of production and livelihood required by the peasants in exchange for agricultural products. The more agricultural products a region sells to the state, the more industrial products it should receive.[126]

This decision was implemented by the central authorities in 1963.[127] Obviously, if the wheat provinces sold significant amounts of surplus

grain to the central FM, then they would have received central government assistance in agricultural development.

A. Doak Barnett has surmised that state wheat procurement in the 1970's was about 20 per cent of national wheat output.[128] If so, between the 1950's and the 1970's wheat procurement dropped by roughly 10 per cent. The amount of wheat procured in the key provinces, however, may have been much lower than 20 per cent of production. In 1973, Honan, Shantung, Hopei, northern Kiangsu and northern Anhwei provided the state with more than 1 billion catties (500,000 tons) of surplus grain.[129] The grain provided by these provinces in 1973 "showed a 50 per cent increase over 1965."[130] However, "in 1973, total grain output showed an increase of more than 50 per cent over that of 1965...."[131] This suggests that the central government procured roughly the same proportion of grain from the wheat provinces in 1973 as it had in 1965. In addition, the absolute quantity of grain procured was very low in 1965, and had hardly increased by 1973.

As a result of refusing to sell surplus grain, there were some noteworthy implications for agricultural development in the wheat provinces. As could be expected, the central government's allocation of modern technical inputs for agriculture did not favor the wheat provinces. Central government support for agriculture in the 1960's focused on the rice producing regions of South China.[132] For example, the rice producing regions were allocated chemical fertilizer on a priority basis. Along with this key modern input, the central authorities provided new varieties of fertilizer - responsive seeds to the rice producing regions.[133]

Having determined not to sell large quantities of grain to the state and, consequently, having foregone most central government assistance, the key wheat provinces had to rely mainly on their own resources for agricultural development after 1962-63. In 1975, it was said that "the broad masses of cadres and the people" in these provinces had come to realise that agricultural development depended upon "relying on their own efforts and building up enterprises in the hard way.... They criticized the erroneous idea of relying purely on the state and other places for support, and resolved to surmount the difficulties themselves."[134] In fact, this effort began in the 1960's when locally controlled small-scale rural industries were established in the wheat provinces.[135] In the early 1970's, Honan, Hopei, and Shantung set up more than 1,000 additional small-scale factories to serve agricultural development needs.[136] Similarly, the wheat provinces extended irrigated acreage and accumulated manure largely through their own efforts.[137] In the wheat provinces "most of the local financial receipts were expended in agricultural development."[138] In Hopei province, for example, by 1973 about 70 per cent of local budget expenditure was allocated to agriculture and local agricultural industries.[139] Thus, the evidence suggests that, as a result of having decided not to exchange their grain for centrally controlled technical inputs, the wheat provinces largely financed their own agricultural development after 1963.[140]

The Urban Grain Interest

The urban managers, through the municipal food bureaus, have an interest in assuring that the urban population receives a generous supply of reasonably priced foodgrains to meet daily needs. The demand they voice for grain supplies largely depends upon increases in the size of the urban population.[141]

Urban Grain Demand

In the 1950's, the central authorities operated on the premise that the requirements of industry would determine the procurement of agricultural products. Similarly, urban population growth would determine how much grain was taken out of the rural areas.[142]

As indicated by Table 10, the number of people in need of marketable grain in the cities increased as economic rehabilitation progressed, and the groundwork laid for the industrialisation program. Once the First Five Year Plan (FFYP) was underway in 1953, the non-agricultural urban population began to increase rapidly, over and above natural population increases.[143] As the FFYP drew to a close, the urban population had grown by nearly 22 million persons.

Under conditions of rapid population growth, "above-plan" inward and outward migration, and transfers of personnel within the modern sector,[144] the managers probably exaggerated urban needs in order to be assured of adequate supplies. This was encouraged not only for the reasons already mentioned, but also because "the actual extent of the oversupply of labor in urban areas, ..., was not known with any accuracy...."[145]

TABLE 10. URBAN POPULATION, 1949-1976
(year-end, in thousands)

1949	57,650	1954	81,550	1959	(114,000)
1950	61,690	1955	82,850	1960	120,000
1951	66,320	1956	89,150	1961	130,000
1952	71,630	1957	99,500	1974	146,760
1953	77,670	1958	(106,000)	1976	150,000

Source: 1949-1961 figures are from John Philip Emerson, "Manpower Training and Utilization of Specialized Cadres, 1949-68," John W. Lewis (ed.), The City in Communist China (Stanford: Stanford University Press, 1971), p. 188.
Population for 1958 and 1959 are estimates made on the basis of a 7 per cent growth rate between 1957 and 1961, p. 189.
In 1974, total population was estimated as 917,256,000, and the urban population was 16 per cent of the total. For total population, see National Foreign Assessment Center, China: Economic Indicators, ER77-10508, October 1977, p. 8. For per cent urban, see Jan S. Prybyla, The Chinese Economy (Columbia: University of South Carolina Press, 1978), p. 21. For 1976 estimate, see G. William Skinner, "Vegetable Supply and Marketing in Chinese Cities," China Quarterly, No. 76, December 1978, p. 734.

Furthermore, the central government extended carte blanche to urban areas. According to a central directive issued in November 1956,

> the supply of grain to civilian workers in state construction or national defense construction should be continued on the basis of providing them with the difference between their actual needs and the ration granted them; that is, workers should be required to surrender their grain coupons on receiving their meals, and, if they consume more than is provided for by the coupons, the excess will be made up by the state.[146]

This provision is important for two reasons. First, it helps to explain why rationing was not strictly enforced in the cities prior to 1959-60.

Perhaps due in part to this provision, urban officials did not censure those organisations which submitted over-stated grain supply requests, even when rationing was formally in effect. Second, the provision is significant in light of the dominance of the state as employer of the non-agricultural population. Emerson provides information directly relevant to the point:

> In the first 2 years of the 1953-57 period, state-sector employment rose sharply to 17.5 million.... During 1955 and 1956, state-sector employment rose to 35.2 million, double the 1954 figure, as a consequence of the socialization of the private sector, ... in the state sector there was extensive hiring in 1956, most of it in industry and capital construction. By 1957, the state sector accounted for 90 per cent of all non-agricultural employment. This proportion rose to 97 per cent during the Great Leap Forward in 1958.[147]

Most of those employed by the state were "workers and employees" laboring in the modern sector of the economy - industry, transportation, trade, and capital construction.[148] Although some of these were occupied in rural areas, most (83 per cent) worked in urban areas.[149] By the end of 1958, there were 55.3 million state employees, of which 45.3 million were the workers and employees in the modern sector.[150] Thus, it appears that as many as 37.6 million state employees in urban areas were entitled to (or at least could lay claim to) unrestricted grain supplies. This figure represents nearly 38 per cent of the urban population in 1958. To be sure, with the collapse of the Great Leap Forward state sector employment was retrenched. As the population data indicate, however, net outward personnel transfers from urban areas did not occur between 1958 and 1961.[151] In short, there was a strong and growing demand for grain in the urban areas between 1958 and 1961.

Urban Power and Access

Some authors have argued that, as a result of urban political pressure the food systems of Third World countries often have an urban bias.[152] With respect to food availability, an urban bias is indicated in several ways.[153] First, the food system typically provides cities with what has been termed "rich men's food,"[154] including relatively more expensive grains such as wheat and rice, rather than the coarse grains more commonly consumed in rural areas. Second, these foodgrains are offered at low, state subsidised prices. Third, the food ration for urban residents is higher and more varied than for the rural population. Finally, if the developing country imports food, the rural population rarely has access to it.

Using these indicators, there does appear to be an urban bias in the Chinese food system. The large industrial cities are provided with "rich-men's food." In the late 1960's, for example, the proportion of wheat in the total grain ration for residents of Peking and Shanghai was 80 per cent and 50 per cent, respectively.[155] Urban grain prices in China have been maintained at a low and stable level for years. It has been estimated that, nationwide, the retail price index for grain rose only 7 per cent between 1952 and 1957.[156] In Shanghai the retail price of grain rose 4 per cent between 1952 and 1957, and barely changed at all between 1954 and 1957.[157] A recent study has reported that "in Peking the 1973 consumer price index was 101.6 and the cost of living index 103.2 (with 1965 prices=100). Moreover, the prices of many important food items declined."[158] The urban population has a larger and more varied food ration than the rural

population. On a per capita basis, urban consumers received about 7.5 per cent less grain than rural ones in 1957.[159] However, urban residents received 2-3 times as much edible oil, meat, sugar and candy, and vegetables.[160] Since the 1950's, the urban areas have continued to be well-supplied with these food items.[161] Finally, Chinese foodgrain imports have been consumed mainly by the urban centres in North China.[162]

The urban areas enjoyed direct access to the FM. Unlike other grain consumers provisioned by the FM, the key urban areas were considered to be sufficiently important to warrant the establishment of a grain company, subordinate to the FM, which was responsible for furnishing grain to them. At a National Conference of Directors of Food Departments and Bureaus held in Peking in late February and early March 1956, a decision was taken to establish the China Food and Miscellaneous Grain Company. The company was directed to establish branches or supply stores in "the large and medium-size cities, and ... the major industrial and mining areas" in each province.[163] The main responsibility of the China Food Company was to be the "supply and control of grain and miscellaneous cereals" as well as dealing with "all kinds of legumes..., rice and flour of superior quality, all kinds of glutinous rice and valuable cereals ... in order to satisfy the evergrowing demand of the people for all kinds of grain and cereals."[164] The establishment of the company was intended to reduce the vulnerability of urban grain supply to unexpected developments. In short, the China Food Company was intended to protect major urban areas from the adverse political, social, and economic consequences which a precarious, vacillating grain supply could precipitate.[165]

Urban Grain Rationing

Originally, grain rationing was introduced in urban centres in the final months of 1953. By January 1954, "urban rationing had been started in most of China's cities and towns."[166] However, it was not a complete rationing program. In Tientsin, for example, "when rationing cards were first issued, they applied only to wheat flour; purchases of other, coarser grains were not restricted."[167] As can be seen in the table below, annual per capita grain supplies did not diminish until the 1955-56 grain year.

It will be recalled that it was in August 1955 that rationing was again announced for urban areas. Nationwide, the per capita urban grain ration decreased by less than 5 per cent. In the large urban areas, however, rations were not necessarily reduced. According to Wang Ki-wen, Vice-Mayor of Wuhan, "there is no doubt about the popularity of the new measures among the people...."[168] He went on to explain that:

> Our statistics show, in fact, that the total amount of grain to be provided for Wuhan under the rationing system is four per cent higher than the amount the city had planned, before the new system was announced, on the basis of the people's consumption....[169]

The rationing effort initiated in 1955 had only a temporary effect on urban consumption. In addition, the effect of the preferential supply provision is manifested in the substantial increase in supply in 1957, and especially in the 1957-58 grain year. According to an article written in 1958, "in the last three years, the state has not sold food-grains to cities in fixed quantities."[170] Thus, it appears that

urban rationing was only loosely enforced at least until the 1959-60 grain year.[171] There are reasons for believing that grain rations in 1959-60 were set not much lower than in the previous year.[172]

TABLE 11. URBAN POPULATION, GRAIN SUPPLY AND RATIONS, 1953-54 to 1958-59, and 1960

Year	Population[(a)] (year-end thousands)	Grain supply[(b)] (million catties, husked)	Average[(c)] Ration (husked catties)
1953-54	77,670	35,410	455.9
1954-55	81,550	37,110	455.0
1955-56	82,850	35,850	432.8
1956-57	89,150	39,100	438.6
1957-58	99,500	62,530	628.4
1958-59	(106,000)	54,100	510.4
1960	120,000	70,820	590.2

Source: (a) John Philip Emerson, "Manpower Training and Utilization of Specialized Cadres, 1949-68," John W. Lewis (ed.), The City in Communist China (Stanford: Stanford University Press, 1971), p. 188.
(b) Reiitsu Kojima, "Grain Acquisition and Supply in China," E. Stuart Kirby (ed.), Contemporary China, Vol. V, 1961-1962, (Hong Kong: Hong Kong University Press, 1963), p. 73. The figure for 1960 is the estimated supply level. See Liao Lu-yen, "Participate in the Large-Scale Development of Agriculture by the Whole Party and the Whole People," Hung-ch'i (Red Flag), No. 17, September 1, 1960, in Survey of China Mainland Magazines, No. 228, p. 2.
(c) Derived by dividing (b) among (a).

Note: The 1957-58 grain supply figure is questionable. A more likely figure would be in the 44,000-46,000 million catty range. If 46 billion catties were supplied, per capita rations were 462.3 catties.

By the late 1960's, the central authorities viewed agricultural procurement as a key determinant of industrialisation, rather than a function of it. Thus, increases in urban population in the 1960's were regarded as a function of grain procurement. By 1963, it was being argued that:

> ... in general cases the rate of increase in the urban population may not exceed the rate of increase in major farm commodities, particularly the commodity volume of grain. Only thus is it possible to insure the basic needs of urban dwellers for farm produce without lowering their level of consumption.[173]

Clearly, a reduction in the level of per capita urban grain consumption was not viewed as a viable long-term policy option. In a sense, the rationing efforts of the 1950's had demonstrated the futility of attempting strict rationing for extended periods of time. Between 1960 and late 1962, temporary measures were gradually instituted to reduce urban grain consumption.[174] Though estimates vary, annual per capita supply probably fell in the 260-360 catty range.[175] This represented a drop of between 16 and 40 per cent compared to average per capita urban consumption in the 1950's.[176] However, urban rations remained well above the 260-360 catty range until the 1960-61 grain year.

In the industrial and mining areas, there may have been little effort made to reduce grain consumption. During the Cultural Revolution, Red Guard sources revealed that at a conference of the Coal Industry Ministry in November 1961, it was decided that the number of employees should be reduced "without reducing ration grain, and promoting grain for reward."[177]

Reflecting the limited success of urban grain rationing, it was suggested that:

> To prevent a too much or too fast increase of the urban population under conditions of given farm commodities, effective measures must be taken to control the increase of the urban population.[178]

In practice, a major effort was made to reduce the urban population rather than attempt to further reduce their grain rations. In the winter of 1961-62, 20 million people were transferred from the cities to the countryside.[179] However, there was a net urban population increase of about 14 per cent between 1959 and 1961. Unable to effect a net population transfer out of the cities, urban grain needs remained high. By late 1962, grain rationing was being relaxed in the urban areas.[180]

Had domestic procurement - even though sharply reduced - been adequate to meet supply demands, then neither grain rationing nor the use of the reserves would have been considered in 1960-61. Urban grain supply in 1960 was expected to be 70,820 million catties. This represents more than 77 per cent of the average annual grain procurement in the 1950's. Insomuch as grain procurement dropped in the 1960's, it is obvious that the PM faced a substantial shortfall in the early 1960's. Moreover, had urban grain rationing been effective, major efforts to reduce the size of the urban population would not have been necessary.

By the end of the 1958-59 grain year, the state grain reserves stood at roughly 60,000 million catties.[181] According to Mao, as reported by Viscount Montgomery, the state grain reserves were practically

exhausted by mid-1961.[182] By the fall of 1960, senior officials in the FM must have realised that all their domestic supply responses had been foreclosed. The FM needed to formulate a supply response based on the contending subnational interests, as well as its own organisational interests. In effect, the FM proposed to rebuild state grain reserves, ensure urban supply, and do so without having to rely on increased domestic grain procurement. The only supply alternative which meets these conditions is to import grain from foreign suppliers.

The second stage of decision-making was centred in the Finance and Trade Staff Office. At this stage, the import proposal was viewed from a different perspective. Whether importation is desirable or necessary is no longer an issue; the FM already had answered this question. The key question facing the Finance and Trade Office, therefore, concerned how grain imports were to be financed.

Concerned with both foreign exchange utilisation and industrialisation, the central economic planners could be expected to have an important input to the Finance and Trade Office on the question of paying for grain imports. The economic planners were not opposed to grain imports, though their reasons were different from those of the FM decision-makers. From the economic planning perspective, the issue was how to pay for grain imports without precipitating an adverse impact on the industrialisation program, especially the import of capital equipment. Once this question had been answered the decision-making process was completed, and the China National Cereals, Oils, and Foodstuffs Import-Export Corporation could be directed to fill a grain import order on the international market.

CONCLUSION

The interests and power of subnational authorities have been a key force shaping China's wheat import policy. The ability of the provincial authorities to placate middle peasants' interests was the determining factor in the import decision of 1960-61. The main factor which will shape future grain supply strategy is provincial control over most aspects of the domestic grain trade, including control of surplus grain. If the central government devises a program whereby the disposition of surplus grain no longer depends entirely upon provincial-level decisions, then the principal reason for importing grain will be removed. For example, the central government could move toward the decriminalisation of grain purchase and sale on the free market. This possibility deserves serious attention because such a proposal has been discussed recently at the national level. According to one source, "... the government is moving toward allowing limited free market sales of grain which have been illegal."[183] It has been argued that free market grain sales will mean "less domestic grain would flow into government channels because less would be available for above-quota government purchases."[184] As a result, free market grain sales "would exert upward pressure on the demand for foreign grain...."[185] Whether government procurement would be adversely affected by free market grain transactions depends to a large extent upon the differential between government and free market purchase prices. It was perhaps for this reason that the central government has raised its grain procurement price substantially. Effective in 1979, the purchase price for compulsory deliveries was raised 20

per cent, and that for above-quota purchase was to be raised by 50 per cent.[186] Moreover, if surplus grain were allowed to enter the free market it would tend to gravitate toward areas of concentrated purchasing power, namely the major urban centres.

As industrialisation proceeds, urban grain demand will continue to increase. Strict, long-term urban grain rationing is not a promising approach to curbing grain consumption. If surplus grain is allowed to enter the free market, then some increase in urban grain prices could be expected. This may be the most effective way to dampen individual consumption. However, the central authorities have stated that, in principle, urban grain prices should remain unchanged. If prices are raised, "appropriate subsidies will be given to consumers."[187]

The intention of the central authorities, therefore, seems to be to raise the amount of domestic grain marketed by the peasants and at the same time minimise the impact of higher grain prices in the cities. Given the analysis presented in this study, the implementation of programs to realise this objective will reduce the pressure to import grain rather than increase it.

FOOTNOTES TO CHAPTER III

1. Average annual wheat and grain imports are derived from Table 1. Also see Ramon H. Myers, "Wheat in China - Past, Present, and Future," China Quarterly (hereafter CQ), No. 74, June 1978, pp. 297-333. Estimated cost derived from Feng-hwa Mah, Why Communist China Imports Wheat, a paper prepared for the Fifth Annual Conference of Asian Studies on the Pacific Coast, Oaxtepac, Mexico, June 25-27, 1970. Also see Frederic M. Surls, "China's Grain Trade," in Joint Economic Committee (95th Congress, 2nd Session), Chinese Economy Post-Mao, (Washington, D.C.: U.S. Government Printing Office, November 1978), p. 670.

2. Dick Wilson, "Interview with Chen Ming," Far Eastern Economic Review (hereafter FEER), May 21, 1968, p. 387, as quoted in Mah, Why Communist China..., p. 2.

3. Cf. Lois Tretiak, FEER, March 21, 1968, pp. 565-567.

4. Mah, Why Communist China..., p. 4. Based on an estimate derived from data in Frederic Surls, "China's Grain Trade," p. 658, between 1961 and 1977 the PRC made a net outpayment of more than $3.4 billion(U.S.) for grain imports.

5. Ibid., p. 18.

6. Ibid., p. 19.

7. Audrey Donnithorne, China's Grain: Output, Procurement, Transfers and Trade, (Hong Kong: Too Hung Printing Co., 1970).

8. Mah, Why Communist China..., pp. 9a-12.

9. Allan Barry, "The Chinese Food Purchases," CQ, No. 8, 1961, pp. 21-22.

10. Dwight Perkins, "Is There a China Market," Foreign Policy, No. 5, Winter 1971-1972, pp. 97-98.

11. Audrey Donnithorne, China's Economic System, (London: Allen and Unwin Ltd., 1967), p. 274.

12. "On the Question of the Unified Purchase and Distribution of Grain," a speech delivered by Vice-Premier Chen Yun to the National People's Congress, July 21, 1955, in Current Background (CB) 339, pp. 8-9.

13. State Council, "Provisional Measures for Unified Purchase and Supply of Grain in Rural Districts," August 25, 1955, in Chao Kuo-chun, Economic Planning and Organization in Mainland China 1949-1957, Vol. I, (Cambridge: East Asian Research Center, Harvard University, 1963), p. 28.

14. Of the 30 billion catties, 10 billion catties was provided to the peasants of the Yangtze River Basin after the 1954 floods. See Sha Ch'ien-li, "Brilliant Achievements on the Food Grain Front," October 25, 1959, CB 604, p. 25. A catty is a Chinese weight unit roughly equivalent to 1.1 English pounds, or half a kilogram.

15. Liang Chu-hang, "Grain Distribution in 1957 and 1958," Liang Shih (Grain), No. 6, June 1957, in Extracts from China Mainland Magazines (ECMM) 97, p. 30.

16. Kang Chao, Agricultural Production in Communist China, 1949-1965, (Madison: University of Wisconsin Press, 1970), p. 262.

17. Of the total national cotton output, these five provinces accounted for 60-70 per cent between 1949 and 1957. The percentages by year are: 69.5% (1949); 69.7% (1950); 61.9% (1952); 70.9% (1954); 58.1% (1956); and 60.1% (1957). Percentages were derived from Kang Chao, Agricultural Production..., Table 18, p. 318.

18. Demand for grain in eight cotton areas in the provinces of Honan, Hopei and Shantung went up four times in 1953 compared with 1950. Survey of the China Mainland Press (SCMP) 958, p. 32. Most of the increase at that time seems to have come from sales increases between 1951 and 1952. State grain sales in eight cotton growing districts in Honan, Shantung, Hopei, and Kiangsu increased three times in 1952-1953, presumably over 1951-1952, SCMP 952, p. 27. At the same time, a significant development was taking place: "a change also took place in the variety of grain sold. Whereas the state food organs of Hopei sold 880,000 bags bags of flour in 1950, it [sic] sold more than 10,000,000 bags in 1952." Ibid., Thus, the demand for wheat in the cotton growing districts of Hopei rose nearly 12 times in 1952 over 1950. It would appear that similar trends were emerging in the cotton districts of other wheat provinces.

19. Sun Wei-tsu, "The Principle for Drawing Up Grain Circulation Plans," Chi Hua Ching Chi (Planned Economy), No. 2, February 9, 1958, ECMM 127, p. 43.

20. National Foreign Assessment Center, China: Demand for Foreign Grain, ER 79-10073, January 1979.

21. Tientsin was a directly administered municipality under the central government between 1949 and 1958, and again since 1968. In 1961 it was included within and under the jurisdiction of Hopei province.

22. Calculated from data for national and provincial wheat output in Chen Nai-ruenn, Chinese Economic Statistics, (Chicago: Aldine Publishing Co., 1967), pp. 300-336, 342-363; and Committee on the Economy of China, Provincial Agricultural Statistics for Communist China, (Ithaca: Social Science Research Council, 1969). Shantung, Anhwei, Hopei, Honan, Shensi, and Kiangsu accounted for 64.6 per cent of China's wheat production in 1952. In 1957, they accounted for 63.0 per cent of total wheat output.

23. GAC, "Directive on the enforcement of planned purchase and planned supply of foodgrain," November 19, 1953, Chao Kuo-chun, Agrarian Policies of Mainland China: A Documentary Study (1949-1956), (Cambridge: East Asian Research Centre, Harvard University, 1963), pp. 193-196. A Doak Barnett, Communist China, The Early Years, 1949-1955, (New York: Frederick A. Praeger, 1966) mentions violent peasant resistance in the early 1950's, p. 217.

24. For the "Three-Fix" policy, see State Council, "Provisional Measures for Unified Purchase and Unified Supply of Grain in Rural Districts," August 25, 1955, CB 354, pp. 7-14.

25. Jen-min Jih-pao editorial, September 27, 1955 as reported in China News Analysis (CNA), No. 114, January 6, 1956, p. 2.

26. "For the Solution of China's Grain Problem," Jen-min Jih-pao editorial, July 22, 1955, ECMM 106, "Appendix", pp. 15-18.

27. ECMM 9, p. 25.

28. The discussion here is based on data and information contained in Su Hsing, "The Two-way Struggle Between Socialism and Capitalism in China's Rural Areas After the Land Reform," Part II, Ching-chi yen-chiu (Economic Research), No. 8, 1965, in Chinese Economic Studies, Vol. II, No. 1, Fall 1968, p. 6.

29. Among all the creditor middle peasant households, well-to-do middle peasants accounted for one-third of the creditor families and one-third of the grain loaned. In other words, two-thirds of the grain loaned originated in average, though relatively prosperous middle peasant households. Ibid., pp. 6-7.

30. Prosperous middle peasants represented 20-30% of the rural population and numbered between 104 and 156 million in 1954. One Chinese study characterised them as the stratum which "hedged in the struggle between socialism and capitalism." Compared with the peasantry as a whole, middle peasants - particularly upper (prosperous) middle peasants - were assessed as having "more capitalist tendencies." The economic strength of the middle peasants was judged to be "great." Moreover, they were regarded as favoring "freedom of trade", and opposed to unified purchase and sale of grain. See Su Hsing, "The Two-way Struggle...," Part III, Ching-chi yen chiu (Economic Research), No. 9, 1965, in Chinese Economic Studies, Vol. II, No. 2, Winter 1968, pp. 64-65.

31. For discussions of these units of agricultural production, see Alexander Eckstein, China's Economic Revolution, (Cambridge: Cambridge University Press, 1978), pp. 70-80; Kenneth R. Walker, "Organization of Agricultural Production," Alexander Eckstein, Walter Galenson, and Liu Ta-chung (eds.) Economic Trends in Communist China, (Chicago: Aldine Publishing Company, 1968), pp. 397-458; Franz Schurmann, Ideology and Organization in Communist China, 2nd Edition, (Berkeley: University of California Press, 1970), pp. 198-201; 442-478; 483-494.

32. Teng Tzu-hui, "Agricultural Cooperative Movement During the Past Year, and Our Future Work," June 19, 1956, in Chao Kuo-chun, Agrarian Policies of Mainland China: A Documentary Study (1949-1956), p. 104.

33. See the State Council's "Draft Model Regulations for Agricultural Producer Cooperatives," November 10, 1955, in Ibid., pp. 95-101.

34. State Council, "Draft Model Regulations for the APC's," November 10, 1955, Chao Kuo-chun, Agrarian Policies of Mainland China..., p. 101. The 1st NPC, "Model Regulations for Higher-stage APC's, June 30, 1956, Chao Kuo-chun, Agrarian Policies of Mainland China..., p. 105 restated the distribution principle to be enforced as "from each according to his ability, to each according to his work...."

35. Liang Chu-hang, "Grain Distribution in 1957 and 1958," Liang Shih (Grain), No. 6, June 1957, ECMM 97, pp. 28-30, points to this relationship as responsible for increased rural grain demand: "... as more labor is used in agricultural production, more grain is consumed ... the standard of remuneration according to labor further increased the equal distribution of grain." p. 29.

36. Chou Po-ping, "The Policy of Unified Purchase and Sale of Grain Shall Not Be Frustrated," Liang Shih (Grain), No. 7, July 1957, ECMM 101, p. 32.

37. "The Basic Conditions of Unified Purchase and Unified Marketing of Grain in China," reference material compiled by Tung Chi Kung Tso, (Statistical Bulletin), No. 19, October 14, 1957, ECMM, 114, p. 45.

38. Hsu Po, "Persist in the Policy of Planned Purchase and Sale of Grain, and Carry out the 'Make Up Deficiency by Plenty' Principle," Shih Shih Shou Tse (Current Events), No. 16, August 21, 1957, ECMM 102, pp. 13-14. Chang Chien, "The Important Significance of Restricting Sales in the Unified Purchase and Unified Sales of Grain," Liang Shih (Grain), No. 8, August 25, 1957, ECMM 107, p. 34 estimates that in 1956-57 grain withdrawn from reserves amounted to "about 7 billion catties."

39. Ibid., ECMM 102, p. 14.

40. The Draft Model Regulations specifically excluded former landlords and rich peasants from "performing any important duties inside the cooperatives for a certain period after their admission." Similarly, the Resolution on Agricultural Cooperativization, passed by the Central Committee on October 11, 1955 omitted mention of cooperatives dominated by middle peasants in its recommendation that "... steps must be taken ... to clean up and reorganize those cooperatives in which landlords, rich peasants or counter-revolutionaries have usurped important positions." See Chao Kuo-chun, Agrarian Policies of Mainland China, p. 97 for the relevant provisions (Chapter II, Article 4) of the Draft Model Regulations. For the Resolution, see p. 93.

41. Jack Gray, "Some Aspects of the Development of Chinese Agrarian Policies," in Ruth Adams (ed.), Contemporary China, (New York: Vintage Books, 1966), pp. 199-219, points to the importance that generally was attached to accommodating the interests of middle peasants in agrarian policy. With respect to inclusion of middle peasants in APC's, Gray states that, "... the APC's could not be built up from cooperatives of poor peasants, as these would not have been economically viable. Almost all APC's included middle peasants from the beginning, and a large minority of them were even formed with the adherence of one or two of the most prosperous peasants. The necessity of forming the APC on a relatively compact area of land also made it difficult to form APC's entirely based on a single class. Some figures for individual villages show that successively formed APC's differed little in class composition. In early 1956 some areas reported that the new recruits were composed 80 per cent of poor peasants; these were clearly areas where, rightly or wrongly, the mass of the farmers had been excluded for economic reasons at the earlier stages of the movement. There had been complaints in 1955 and earlier that the APC's had failed to absorb both the poorest and the most prosperous. The last stage of cooperativization did not consist, as is very readily assumed, of dragooning the prosperous minority of the village into cooperatives of the poor. The situation is rather obscure, but it was certainly more complicated than that. What is certain, given the Party's bias in favor of large-scale cooperatives, is that when virtually 100 per cent cooperation was achieved, it would be normally in the form of cooperatives each embracing the whole population of a single natural village ... the spread of cooperativization was not a spread from class to class, but a spread from one area of the village to others whose inhabitants had much the same class structure as the first. The exception to this, of course, is the rich peasant group, which was excluded until the very end of the whole movement." pp. 213-214. Rural policy, moreover, has tended to adhere to the principle of "relying on the poor and lower-middle peasants, while uniting with the middle peasants."

42. FEER, Vol. XX, March 29, 1956, p. 387.

43. "It is the Glorious Mission of Rural People's Communes to Deliver Subsidiary Foodstuffs According to State Plan," February 18, 1959, SCMP 1975, pp. 11-13.

44. Ibid., p. 12.

45. Ibid., p. 13.

46. Ibid., p. 13.

47. See FEER, Vol. XX, June 7, 1956, p. 712 for a case of double accounting.

48. Cf. Michel Oksenberg, "Occupational Groups in Chinese Society and the Cultural Revolution," in Chang Chun-shu, James Crump, and Rhoads Murphey (eds.), The Cultural Revolution: 1967 in Review, Michigan Papers in Chinese Studies, No. 2, 1968, Center for Chinese Studies, University of Michigan, Ann Arbor, Michigan.

49. Roderick MacFarquhar, THE ORIGINS OF THE CULTURAL REVOLUTION, Contradictions Among the People 1956-1957, Vol. I, (London: Oxford University Press, 1974), pp. 293-297.

50. "Outlines of Propaganda on the Policy of Unified Purchase and Unified Sale of Grain," Shih Shih Shou Ts'e (Current Events), No. 17, September 16, 1967, ECMM 106, p. 33.

51. Chang Chien, "The Important Significance of Restricting Sales in the Unified Purchase and Unified Sales of Grain," Liang Shih (Grain), No. 8, August 1957, ECMM 107, p. 34.

52. Ibid., p. 34.

53. Ibid., p. 34. For more information on the departmentalism of rural cadres, see Hou Chien-chung, "Some Understanding of the 'Make Up Shortage by Plenty' Policy," Liang Shih (Grain), No. 8, September 25, 1957, ECMM 106, pp. 22-24.

54. A. Doak Barnett, Communist China. The Early Years, 1949-55 (New York: Frederick A. Praeger, 1966), mentions that "... more than 3,000 ... cadres were killed trying to collect the grain tax ..." in 1950. p. 217.

55. Chou Po-ping, "The Policy of Unified Purchase and Sale of Grain Shall Not Be Frustrated," Liang Shih (Grain), No. 7, July 1957, ECMM 101, pp. 32-33. In light of the extensive opposition to grain procurement, the use of force may have been unavoidable at times - i.e., to meet the basic grain needs of intra-provincial consumers.

56. Ibid., pp. 32-33. The responsible officials were removed from their posts. See SCMP 1562, pp. 13-18.

57. A fairly large body of evidence has been collected and presented in Roderick MacFarquhar (ed.), The Hundred Flowers, (London: Stevens and Sons, Ltd., 1960).

58. Ibid., pp. 233-241. In many provinces the cooperatives had refused to sell grain to the state. Although not denying that there were "certain shortcomings in carrying out the unified purchase and sale" of grain, Chou En-lai defended the government's foodgrain policy in his Report to the NPC, June 26, 1957. See Ibid., pp. 278-79.

59. Alan P. Liu, Political Culture and Group Conflict in Communist China (Santa Barbara: Clio Press, Inc., 1976), pp. 151-156.

60. Ibid., pp. 155-156.

61. GAC, "Directive on the Enforcement of Planned Purchase and Planned Supply of Foodgrain," November 19, 1953, Chao Kuo-chun, Agrarian Policies of Mainland China..., pp. 193-196.

62. Originally, the provincial purchase plans were to be submitted to the relevant organ of the concerned Large Administrative Region for approval, and a copy sent to the GAC Financial and Economic Affairs Committee for the record. The Large Administrative Regions were abolished in 1954; after 1954 the provinces presumably sought the approval of the GAC Financial and Economic Affairs Committee for their grain purchase plans. The powers cited are in Ibid., Article 3, p. 194; Article 3, p. 194; and Article 2 and 4, pp. 193-194, respectively. Provincial price-fixing is considered in more detail below.

63. State Council, "Provisional Measures...," CB 354, pp. 7-14.

64. Tang Hai-chuan, "How to Fix Grain Output," Ta Kung Pao (Tientsin), September 12, 1955, CB 362, p. 6.

65. Under the "Three-Fix" policy, the provinces were empowered to:
    (1) set provincial grain consumption standards for grain-surplus, grain-short, and industrial crop-growing households, and for the non-farming population in rural districts, in accordance with existing local consumption habits and grain production levels;
    (2) set concrete purchase rates for surplus grain households, within established purchase norms;
    (3) determine the specific varieties of grain to be purchased, in accordance with provincial consumption habits and state supply plans;
    (4) determine the potato-to-grain conversion ratio applicable;
    (5) determine standards of medium quality grain;
    (6) determine the localities in which peasants should deliver and sell grain to the state, according to the local prevailing direction of the grain movement, and communications

and warehousing conditions, while also taking into consideration local grain supply and demand, and the peasants' convenience;

(7) formulate measures for fixing production, purchase and sale in respect to APC's;

(8) readjust APC "three-fix" figures as required due to peasant enrollment or withdrawal from the APC's;

(9) determine grain supplies required for industrial and commercial uses in rural districts, with reference to the regulations concerning fixed supplies in towns;

(10) maintain a modest grain reserve for emergency purposes;

(11) readjust total purchase and sales figures within three per cent of planned quotas, under certain conditions;

(12) determine grain varieties to be supplied to grain-short households, according to the principle of "supplying what the state has in the localities concerned."

See State Council, "Provisional Measures...," CB 354, pp. 7-14 for relevant Articles. In addition, Article 12 provided that grain grown on private plots "may not be taken into account in calculating the surplus available for state purchase." p. 9. For further details on the powers cited and other provisions of the "Three-Fix" policy, see CB 362, pp. 2-15.

66. GAC, "Directive on the Enforcement...," Chao Kuo-chun, Agrarian Policies of Mainland China..., pp. 194-195.

67. Audrey Donnithorne, China's Economic System, p. 443 describes the devolution of price-fixing authority. According to Donnithorne, "regulations issued in October 1958 divided the duties of price control between the centre and the local authorities. The appropriate ministries of the central government were to control the procurement prices of the major agricultural products.... They were also still to control the selling prices (presumably both wholesale and retail) at important commercial centres.... The centrally fixed prices of both kinds were to apply to standard types of the goods in question, while prices of other types of these goods (and of standard types at places other than the main commercial centres) were to be determined by the local authorities, with reference to the prices of standard types and at the main centres.... The central government ministries were, however, to continue to be responsible for the overall price equilibrium of all the commodities in their respective spheres." The extent to which these regulations were actually practiced is unclear, but Donnithorne notes that "whatever the machinery of price fixing employed, the hsien, the special district and the province do seem to have exercised authority in this field after 1958." p. 444. Also see Franz Schurmann, Ideology and Organization..., pp. 216-218.

68. Ibid., p. 444 citing Kweichow Jih Pao, August 30, 1959, SCMP 2142.

69. Ramon H. Myers, "Wheat in China - Past, Present and Future," p. 326. Mr. Myers was a member of the U.S. Wheat Studies Delegation which visited China in May-June 1976.

70. Ronald Hsia, Government Acquisition of Agricultural Output in Mainland China, 1953-56, RM-2207, (Santa Monica; Rand Corporation, September 1958), has gathered local wheat prices for 1953. The data, covering twenty-one localities in eleven provinces, show twenty different purchase prices. The range of prices was wide: from 5.20 yuan new JMP per 100 catties in Hsin-i, Kiangsu to 13.10 yuan new JMP per 100 catties in Yu-hsien, Honan. See pp. 28-29. Both the price range and the fact that nearly every locality offered a different purchase price suggest that it was the provincial governments and not the central government which set concrete wheat purchase prices.

71. To the extent that price readjustments had implications for wheat production, frequent changes were probably avoided. Myers, "Wheat in China...," points out that the U.S. Wheat Studies Delegation was informed that "wheat prices [in Shensi] had not changed over the past four or five years," p. 326. Instead, provincial officials could and apparently did set different purchase prices for different wheat-producing hsien. In combination with the authority to set concrete purchase quotas, wheat procurement could be limited without upsetting production.

72. Sun Wei-tsu, "The Principles for Drawing Up Grain Circulation Plans," Chi Hua Ching Chi (Planned Economy), No. 2, February 9, 1958, ECMM 127, pp. 44-45.

73. This discussion draws on Donnithorne, China's Economic System, pp. 349, 364. Also see Audrey Donnithorne, "Central Economic Control," Bulletin of the Atomic Scientists, Vol. XXII, No. 6 June 1966, pp. 11-20, especially pp. 12-14.

74. Ibid., p. 364.

75. State Council, "Regulations on improving the commercial management system," November 15, 1957, Chao Kuo-chun, Economic Planning and Organization in Mainland China, 1949-1957, Vol. II, (Cambridge: East Asian Research Center, Harvard University, 1963), pp. 47-51. Also see Ibid., p. 287, and Schurmann, Ideology and Organization..., pp. 195-210. Essentially, this decree decentralised authority in the commercial ministries giving greater powers to the provinces. For the most part, the decree concentrated on decentralisation of the Ministry of Commerce. Sun Wei-Tsu, "The Principle for Drawing Up...," ECMM 127, p. 44 indicates that full decentralisation of the FM was not contemplated in this decree. In short, decentralisation of grain administration was based on the State Council decree of April 1958, and the pao-kan purchasing policy.

76. Donnithorne, China's Economic System, p. 287.

77. The discussion of the pao-kan policy is based on Reiitsu Kojima, "Grain Acquisition and Supply in China," E. Stuart Kirby (ed.), Contemporary China, Vol. V, (Kong Kong: The Cathay Press, 1963), pp. 70, 81-84. "Pao-kan" literally means to contract to supply whole, dry, and clean foodgrains at a fixed price. Kojima cites the Ta Kung Pao (Peking), May 3, 1958 which reported the introduction of the pao-kan policy. See p. 86, note 10.

78. The central FM was still directly responsible for supplying industrial crop farmers, urban residents, the non-agricultural population in rural areas, and those localities experiencing major agricultural disasters and famine conditions. Ibid., p. 82.

79. Ibid., pp. 82-83 makes the argument concerning procurement before and after 1958 upon which this discussion rests.

80. "Variable" in the sense that the surplus available for purchase changed with the total output of grain.

81. Ibid., the quotas were fixed for a period of three to five years, depending on the province or autonomous region involved, p. 82.

82. In practice, the provinces passed the responsibility for grain-short peasants and the authority to dispose of surplus grain to the cooperatives. Ibid., pp. 82-83.

83. CB 515, pp. 31-32.

84. Frederick C. Teiwes, "The Purge of Provincial Leaders 1957-1958," CQ, No. 27, July-September 1966, pp. 24-25.

85. Ibid., pp. 24-25.

86. New China News Agency (hereafter NCNA), January 11, 1959, "A Responsible Functionary of State Council Urges Efforts to Complete Collection of Agricultural Products Before Spring Festival," SCMP 1936, pp. 15-16.

87. SCMP 759, February 28, 1954, p. 9.

88. SCMP 1936, p. 16. In this regard it should be noted that provincial officials were faced with the difficulty of implementing programs which had conflicting goals. Insomuch as the success which the ACP's achieved in raising members' incomes was also regarded as an important indicator of successful provincial leadership, the provincial officials were more likely to stress the viability of APC's rather than the fulfillment of purchase quotas.

89. Ibid., p. 16.

90. In some cases, a shortage of cadres - genuine or artificial - to meet all the tasks assigned could be claimed as a key to the problem of meeting goals. For an example concerning industry, see Tseng Hsi-sheng, First Secretary of the Anhwei Provincial Party Committee, "Sum Up the Experience of Last Year, Take a Big Leap Forward This Year," Jen-min Jih-pao, March 3, 1959, SCMP 1975, pp. 1-6.

91. Thomas P. Bernstein, "Cadre and Peasant Behavior Under Conditions of Insecurity and Deprivation: The Grain Supply Crisis of the Spring of 1955," in A Doak Barnett (ed.), Chinese Communist Politics in Action, (Seattle: University of Washington Press, 1969), pp. 398-399.

92. Michel Oksenberg, "Local Leaders in Rural China, 1962-1965: Individual Attributes, Bureaucratic Positions, and Political Recruitment," in A. Doak Barnett (ed.), Chinese Communist Politics in Action, (Seattle: University of Washington Press, 1969), defines a "native" as "one born in or having close ties to the area he serves." An "outsider" is "one born outside and having no close ties to the area he serves." p. 177. Given the limited amount of data available on subprovincial leadership, Oksenberg acknowledges that the study is exploratory by nature, and suggestive of general recruitment tendencies. See p. 173.

93. Prior to 1958, the central FM operated two organisation hierarchies. The first was the ministerial hierarchy. This included the provincial food departments and their subordinate counterparts. These were responsible for the administration of grain work within their respective jurisdictions. The second was the national state grain trading companies and their counterparts at provincial and lower levels. These companies constituted the procurement apparatus proper; they were charged with implementing the procurement plans they received. The FM had under it three state trading companies which were responsible for procuring various grain products. The trading company which is charged with the acquisition of foodgrains is the China Foodgrain Company. Hsia describes the control relationships which existed prior to 1958 in the following terms:

> Each of the specialized state trading companies had its regional offices, which were under the supervision of not only their national headquarters, but also the provincial (or regional) counterparts of the central ministries concerned. For example, a regional office of the [China Food Grain Company] was responsible both to its own head office and to the provincial (or regional) department of [food]. Each regional office, in turn, had under it a number of district offices. Similarly, these district offices were doubly supervised: first by the regional offices of their Companies and

> second, by the hsien (or municipal) bureaux (or sections) of the appropriate provincial (or regional) Departments. Further, under each of the district offices, there were a number of purchase stations, which were under the sole supervision of the district offices of the state trading companies. These stations plus smaller collection centers constituted the basic means for state purchase....

The FM, like other central ministries of the time, was a highly centralised organisation, directly commanding units within its jurisdiction. In other words, the subordinate units tended to be responsive to central level direction. Given the grain powers granted to the provinces in 1955, there was the possibility that a provincial food department might attempt to influence the implementation of procurement plans undertaken by the provincial grain trading company. Even so, the central FM had the advantage of transmitting commands via the procurement apparatus proper to the basic-level purchasing stations, by-passing the provincial food department. As Hsia indicates, the provincial food departments' control did not extend to the basic-level purchasing stations. Thus, to the extent that resistance arose in the provincial food departments, the central FM could use its control of the purchasing apparatus to override opposition. See Ronald Hsia, Government Acquisition of Agricultural Output..., pp. 5-6. In Hsia's description of the control relationship existing prior to 1958, I have taken the liberty of substituting China Foodgrain Company and food department at the appropriate places. Also see Schurmann, Ideology and Organization..., pp. 188-194.

94. Sole supervision was to be exercised by the relevant food department or bureau at each administrative level. Ronald Hsia, Government Acquisition of Agricultural Output..., p. 6.

95. The Ministry of Commerce had a procurement and supply apparatus similar to that of the FM. After decentralisation went into effect, the specialized trading companies under the Ministry of Commerce were abolished. Schurmann, Ideology and Organization..., pp. 207-208. Insomuch as the national office of the China Foodgrain Company would have served no useful purpose under the new arrangement, it too may have been abolished.

96. Ibid., pp. 149-153; 175-177.

97. See Hsinhui (Kwangtung) Kung-nung-ping Chan-pao (Worker-Peasant-Soldier Combat Bulletin), No. 18, November 14, 1967, SCMP, 4083, pp. 1-3 for evidence from Kwangtung.

98. Chou Po-ping, "The Policy of Unified Purchase...," ECMM 101, p. 33.

99. Pan Ching-yuan, "Two Years of Planned Purchase and Planned Supply of Grain," Hsin Chien She (New Construction), No. 9, September 1955, ECMM 9, p. 28.

100. The Jen-min Jih-pao editorial of August 30, 1957 pointed out that "... large numbers of cooperatives and production teams have been attempting to report false figures of average output per mow, cultivated land, total output and the effects of disaster, and, in addition, have carried out the harvest poorly so that they could re-harvest after reporting, thus raising the amount of grain reserved.... The 1,223 cooperatives, which reached 60 per cent of the total in nine hsien in Anhwei province under-reported output. As for the production teams, the number making false reports was 10,280 or 20 per cent of all teams in that area." Evidently, the cooperatives were the chief offenders. Reiitsu Kojima quotes the editorial in his "Grain Acquisition and Supply...", p. 79. Also see FEER, Vol. XX, June 7, 1956, p. 712 which reports on a Hunan case. APC's were setting two production targets. One target was reported to the higher level and the other was the actual basis upon which assignments were made to members. "In some cases one target was only half the other."

101. For a discussion of information blockage at the provincial level, see Frederick C. Teiwes, "The Purge of Provincial Leaders 1957-1958," pp. 25-27.

102. CB 515, p. 22, 31-32.

103. Hou Chien-chung, "Some Understanding of the 'Make Up Shortage by Plenty' Policy," Liang Shih (Grain), No. 8, September 25, 1957, ECMM 106, p. 22. Restriction of the free market for grain followed the National Grain Conference and was decreed in the State Council's "Regulations on the restrictions on certain agricultural products and other commodities which are subject to planned purchase or unified purchase by the state," August 9, 1957, Chao Kuo-chun, Economic Planning and Organization in Mainland China, 1949-1957, Vol. II, pp. 43-47.

104. CB 515, pp. 22, 31-32.

105. Donnithorne, China's Economic System, p. 503. Also see SCMP 1260, March 16, 1956, p. 8.

106. This important conference is reported in SCMP 1813, July 1, 1958, pp. 18-21.

107. Ibid., p. 20.

108. Ibid., p. 21.

109. This was not the case prior to 1961, either for key wheat provinces or others. From August 1958 to September 1959, Huang Ching-po concurrently held the positions of Vice Governor of Shensi and Vice Minister of the FM. Kao Chin-ch'un, who had a long association with Sinkiang, served twice as a Vice Minister of the FM; in the first instance Kao held that post concurrently with the position of Vice Chairman of Sinkiang. For biographies on both, see Union Research Institute, Who's Who in Communist China (hereafter WW), Vol. I, (Hong Kong: Union Press Limited, 1969), pp. 303, 328.

110. In 1948 Yang was the Deputy Director of the Honan-Shensi-Hupei Border Area Administrative Office; in the latter half of 1949 he was Deputy Director of the Finance Department, Central Plains Provisional People's Government, and concurrently Director of the Department of Communications, Honan Provincial Government. Yang was also Deputy Director of the Finance Department, Central-South Military and Administrative Committee; he continued in that position after the CSMAC was reorganized into the Central South Administrative Committee. In total, he served at the regional level between March 1950 and June 1954. The Central-South jurisdiction included Honan, Hupei, Hunan, Kiangsi, Kwangtung, and Kwangsi. WW, Vol. II, p. 754.

111. An had been appointed as Assistant to the Food Minister in 1957 and remained in that position until his Vice Ministerial appointment. Far Eastern Economic Review, Biographical Service, URS, biography No. 555.

112. Ibid.

113. From 1950 to 1952 An was a member of the Pingyuan Provincial Government, probably in his capacity as Chairman of the Pingyuan Provincial Committee of Co-operative Enterprises Administration. Ibid.

114. WW, Vol. I, p. 303.

115. Ch'en Kuo-tung; Nieh Hung-chun; Chao Fa-sheng; and An Fa-ch'ien. Neither Ch'en's nor Chao's provincial affiliations are known. Nieh had been associated with Hupei from the 1930's; An has been discussed. See WW, Vol. I, p. 90; Vol. II, pp. 524-525; and Vol. I, p. 67 for Ch'en, Nieh, and Chao, respectively.

116. Chao Kuo-chun, Agrarian Policy of the Chinese Communist Party, 1921-1959, (Bombay: Asian Publishing House, 1960), p. 200.

117. Audrey Donnithorne, China's Economic System, p. 339.

118. The coarse grains include millet, corn, kaoliang (sorghum), barley, and beans.

119. State Council, "Provisional Measures for Unified Purchase and Unified Supply of Grain in Rural Districts," August 25, 1955, CB 354, p. 10.

120. Ibid., p. 10.

121. Ibid., pp. 11-12.

122. Yeh Chun, "Discussion on the Possible Changes in the Agricultural Planning System in China," February 9, 1957, Chao Kuo-chun, Economic Planning and Organization in Mainland China, Vol. I, p. 137.

123. In Honan, Shantung, and Hopei the coarse grains figure prominently, accounting for about 44%, about 46% and more than 60% of the total area sown to foodcrops, respectively. In these three provinces rice cultivation is evidently quite marginal. In Anhwei and Kiangsu the area sown to rice and coarse grains has tended to be more or less evenly divided. Of the total area sown to foodgrains in 1957, Kiangsu had 38% in coarse grains and over 30% in rice; in the same year Anhwei had over 28% in both coarse grains and rice. In 1957, Shensi had only 3.5% of its food crop area sown in rice; presumably the greater part of the balance was in coarse grains. Calculated from data in Chen Nai-ruenn, Chinese Economic Statistics, pp. 300-336, 342-363; and Committee on the Economy of China, Provincial Agricultural Statistics....

124. State Council, "Provisional Measures...," CB 354, p. 10.

125. When rationing in urban areas was undertaken in August 1955, the amount of wheat flour per month for the average inhabitant was 24-28 1/2 catties, averaging 27 catties per month, according to the directive. Grain growing peasants tended to receive grain rations larger than the rural average. Assuming an average monthly per capita consumption of wheat flour of 27 catties, yearly consumption would run to 324 catties. In all six key provinces, the number of processed and unprocessed catties of wheat available per capita was not above 324. See State Council, "Provisional Measures for the Unified Purchase and Supply of Grain in Cities and Towns," August 25, 1955, Chao Kuo-chun, Economic Planning and Organization in Mainland China 1949-1957, Vol. I, pp. 33-34. Average per capita availability for the six provinces was calculated for 1953 and 1957. In 1953 wheat output per capita ranged from 62.2 catties (Hopei) to 212.8 catties (Shensi). In 1957, the range was 69.4 catties (Kiangsu) to 182.0 catties (Shensi). 1953 and 1957 provincial population statistics and provincial wheat output from Chen Nai-ruenn, Chinese Economic Statistics, pp. 129-130, and pp. 300-336, 342-363, respectively. Also see, Committee on the Economy of China, Provincial Agricultural Statistics....

126. C. S. Chen (ed.), Rural People's Communes in Lien-chiang, (Stanford: Hoover Institution Press, 1969), p. 84.

127. Donnithorne, China's Economic System, p. 490.

128. A. Doak Barnett, China and the World Food System, Overseas Development Council, Monograph No. 12, April 1979, p. 70 and p. 100, note 244.

129. SCMP 5782, January 28, 1975, p. 40.

130. Ibid., p. 46.

131. Ibid., p. 42.

132. For discussions on the allocation of centrally controlled technical inputs, see Benedict Stavis, Making Green Revolution, The Politics of Agricultural Development in China, (Ithaca: Cornell University, Rural Development Committee, 1974), pp. 119-127; Henry J. Groen and James A. Kilpatrick, "China's Agricultural Production," pp. 614-616, 627-637; and A. Doak Barnett, China and the World..., pp. 30-31.

133. Ibid. The distribution of chemical fertilizer in the 1960's is a better indicator of central government allocational preferences than farm machinery for several reasons. First, the farm machinery industry was decentralised in the 1958-61 period. Consequently, data on the distribution of newly available units of farm machinery after recentralisation in 1961 would be required to indicate central level preferences. Such data are not available. On the other hand, chemical fertilizer was not in widespread use prior to the 1960's. Beginning in the early 1960's, the central authorities imported chemical fertilizer and foreign fertilizer plants, as well as heavily investing in the domestic fertilizer industry. These plants and the fertilizer they produced were under the control of the central government. Thus, chemical fertilizer was distributed in accordance with central government preferences. In short, those areas which received chemical fertilizer in the 1960's were the same areas which contributed significant amounts of surplus grain to the centre. See Henry J. Groen and James A. Kilpatrick, "China's Agricultural Production," p. 633 and Benedict Stavis, Making Green Revolution..., pp. 119-120.

134. SCMP 5782, January 28, 1975, p. 43. Also see SCMP 5781, January 28, 1975, pp. 21-23.

135. Carl Riskin, "China's Rural Industries" Self-reliant Systems or Independent Kingdoms?," in CQ, No. 73, March 1978, pp. 77-98.

136. SCMP 5782, January 28, 1975, p. 43.

137. Ibid., pp. 43-44.

138. Ibid., p. 43.

139. SCMP 5781, January 28, 1975, p. 23.

140. In 1971, a delegation from the Australian Labor Party met with Pai Hsiang-kuo, Minister of Foreign Trade at that time. One of the delegation members, hoping to persuade the Chinese to buy more Australian wheat, "urged China to consider the effect on the [Australian] wheat farmers rather than on the Australian Government." It is not recorded whether Pai winced at the mention of farmers. See Stephen Fitzgerald, Talking with China: The Australian Labor Party visit and Peking's foreign policy, (Canberra: Australian National University Press, 1972), p. 30.

141. Dwight H. Perkins, Market Control and Planning in Communist China, (Cambridge: Harvard University Press, 1966), pp. 181-183 discusses the factors affecting urban grain demand and comes to the conclusion that "the principal determinant of increases in urban grain demand, therefore, was the rise in urban population." p. 183.

142. See David Ladd Denny, Rural Policies and the Distribution of Agricultural Products in China: 1950-1959, Ph.D. dissertation, University of Michigan, 1972, Chapter II.

143. John Philip Emerson, "Employment in Mainland China: Problems and Prospects," U.S. Congress, Joint Economic Committee, An Economic Profile of Mainland China (New York: Frederick Praeger, Inc., 1968), p. 418.

144. Ibid., pp. 435-452.

145. Ibid., p. 419. According to a source consulted by Emerson, even in 1957 accurate estimates of annual total and urban labor supply were nonexistent. Emerson notes that in 1957 "employment data were better than at any other time before or since..." p. 419, note 66. This situation clearly implies that urban grain managers would have been under some pressure to overestimate grain needs.

146. Central Committee and State Council, "Directive on the Work of the Purchase and Supply of Foodgrain," November 21, 1956, in Chao Kuo-chun, Agrarian Policies of Mainland China, pp. 216-218, quoting p. 217.

147. John Philip Emerson, "Employment in Mainland China...", p. 440.

148. Ibid., Table A-2, p. 462 and Table A-3, p. 463.

149. Ibid., p. 419.

150. Ibid.

151. Changes were taking place though. Employment in the modern sector dropped from 44.2 million in 1958 to 30.2 million in 1964. Similarly, between 1958 and 1965, industrial employment dropped from 23 million to 14 million. Ibid., pp. 442, 445.

152. See Don Paarlberg, "The World Food Situation, A Consensus View," in Food Policy, Vol. 1, No. 1, November 1975, pp. 15-32, and Michael Lipton, "Urban bias and food policy in poor countries," in Food Policy, Vol. 1, No. 1, November 1975, pp. 41-52.

153. Ibid., pp. 44-48.

154. Ibid., p. 46.

155. Audrey Donnithorne, China's Grain: Output, Procurement, Transfers and Trade, p. 36.

156. Dwight H. Perkins, Market Control and Planning in Communist China, p. 232.

157. Ibid., p. 236.

158. James E. Nickum and David C. Schak, "Living Standards and Economic Development in Shanghai and Taiwan," in CQ, No. 77, March 1979, p. 45.

159. Ralph W. Huenemann, "Urban Rationing in Communist China," in CQ, No. 26, April-June 1966, p. 48.

160. Ibid.

161. Vaclav Smil, "Food in China," Current History, September 1978, pp. 69-84.

162. Frederic M. Surls, "China's Grain Trade," pp. 653, 661.

163. SCMP 1268, p. 14.

164. Ibid., p. 14. The Company was also charged with responsibility "to regulate the supply and control the export of grain and cereals," SCMP 1261, p. 19.

165. Audrey Donnithorne, China's Economic System, p. 313 points out that special measures were taken to assure urban food supplies: "special provision is made for supplying foodstuffs to the key cities of Peking, Shanghai and Tientsin, and also to the province of Liaoning with its great industrial centres."

166. A. Doak Barnett, Communist China: The Early Years, 1949-1955, (New York, Frederick Praeger, Inc., 1966), p. 288.

167. Ibid., p. 288.

168. SCMP 1119, p. 22.

169. Ibid.

170. Sun Wei-tsu, "The Principle for Drawing Up Grain Circulation Plans," in ECMM 127, p. 42. Liang Chu-hang, "Indices of Grain Sales for the 1st Quarter of 1958," Liang Shih (Grain), No. 12, December 25, 1957, in ECMM 125, p. 34 reports that "... not all the towns in China have overhauled the sales of foodgrains and that supply of foodgrains is still on the high side in many towns, particularly in the case of city dwellers." Urban cadres and residents opposed ration reductions. Realising the difficulty of restricting consumption, "... certain urban residents say: 'Since the Communist Party cannot let us starve we should eat as much as we can. There is no need to practice too much economy on food. If our supply is short, we may ask food departments for help.'" See Chu Ching-chih, "A Review of Urban Food Rationing and Some Suggestions for Improvement of the System," Liang Shih (Grain), No. 8, August 25, 1957 in ECMM 110, p. 31.

171. Dwight Perkins, Market Control and Planning in Communist China, p. 187, describing the urban grain supply situation between 1957 and 1959, notes that pressures "in the urban grain market were not great, and ... rationing, at least of lower-quality grains, was not severe, if it existed in any meaningful sense at all." Further, to the extent that there was rationing of higher quality grains, this suggests that, as in the early years, urban demand for more variety in the selection of foodgrains was being expressed; this demand doubtless focused on wheat and rice.

172. Kang Chao, Agricultural Production in Communist China, 1949-1965, p. 251, note 5. Also see, Dwight Perkins, Market Control and Planning in Communist China, p. 187.

173. Hsueh Cheng-hsiu, "Tentative Treatise on the Relationship between Increase of Urban Population in Socialist Cities and Development of Industrial and Agricultural Production," Kuang-ming Jih-pao (Peking), October 7, 1963, in SCMP 3093, November 4, 1963, p. 8.

174. Dwight Perkins, Market Control and Planning in Communist China, p. 183.

175. Audrey Donnithorne, China's Economic System, p. 311 cites a range of 120-240 catties per capita between 1959 and 1961. Chen Chio-shen, "A Quantitative Study of Food Uses Under the Chinese Communist Regime," Issues and Studies, Vol. I, No. IV, January 1965 provides estimates of urban rations between 1960 and 1963, p. 36. Based on the population data used above, the following annual per capita rations (husked) were derived: 318.8 catties (1960); 276.2 (1961).

176. Dwight H. Perkins, Agricultural Development in China 1368-1968, (Chicago: Aldine Publishing Co., 1969), p. 140. Perkins gives 500 catties of unhusked grain. The husked equivalent, converted at .86 to 1, is 430 catties.

177. "Forty Charges Against Po I-po," Hung-wei-ping Pao (Red Guard Journal), No. 8, February 22, 1967, in CB 878, p. 13.

178. Hsueh Cheng-hsiu," Tentative Treatise...," p. 8.

179. Jan S. Prybyla, The Political Economy of Communist China, (Scranton: International Textbook Co., 1970), p. 375.

180. Dwight H. Perkins, Market Control and Planning in Communist China, pp. 183-184.

181. Kang Chao, Agricultural Production in Communist China, 1949-1965, p. 248.

182. Ibid., p. 248.

183. National Foreign Assessment Center, China: Demand for Foreign Grain, ER 79-10073, January 1979, p. iii.

184. Ibid., p. 1.

185. Ibid.

186. Jan S. Prybyla, "Changes in the Chinese Economy," Asian Survey, May 1979, p. 429.

187. Ibid.

CHAPTER IV

KWANGTUNG PROVINCE AND THE 1955 REMITTANCE PROTECTION POLICY

Introduction

National policy-making in overseas Chinese affairs has been concerned with responding both to domestic and foreign environments.[1] Subnational groups involved in overseas Chinese affairs are an important component of the relevant domestic environment. The question addressed in this chapter is whether or not subnational influences were brought to bear on the formulation of the remittance protection policy promulgated by the State Council on February 23, 1955.

To establish the necessary background, the significance and types of remittances are examined. In addition, measures taken with respect to remittances between 1949 and 1954 are considered. The 1955 remittance protection policy is discussed and the relevant national level decision-making apparatus is described. The case study then turns to an analysis of subnational interests, power resources and access to illuminate the decision taken.

Remittances: Types and Significance

Remittances are unilateral financial payments sent to individuals and organisations in the People's Republic of China (PRC) from the Chinese residing abroad. Between 1950 and 1964 remittances from the overseas Chinese averaged $45 million (U.S.) annually. In the fifteen year period, the total aggregate volume of remittances was approximately $668 million (U.S.).[2]

Chun-hsi Wu has pointed out that the phrase "overseas remittance" is "generally used to describe remittances from overseas Chinese to support their families and dependents, to purchase land or houses for the remitter or his family, or to invest in industrial or commercial enterprises."[3] Thus, overseas remittances are of two types which may be called family remittances and investment remittances. Family remittances represented the overwhelming proportion of all funds remitted to China. Remittances to the dependents of the overseas Chinese accounted for 90% of total remittances. Remittances for the use of the remitter after retirement accounted for 8% of the total. Remittances for direct investment in industrial and commercial enterprises in China accounted for a mere 2% of the total.[4]

Family and investment remittances provided a considerable amount of foreign exchange to both the central government and certain provincial governments.[5] The provincial level governments were in a position, even prior to the 1957 decentralisation, to apply their foreign exchange proceeds against their anticipated and actual expenditures for foreign imports to fulfill provincial import requirements.[6] The foreign exchange derived from the receipt of remittances was therefore of interest not only to the central authorities in attempting to balance China's international payments, but also to the provincial authorities for much the same purpose at the subnational level.

Family remittances were sent to domestic dependents to provide them with a supplementary income and the means to enjoy a somewhat higher standard of living than the general population.[7] Consequently, the treatment accorded the domestic dependents by Chinese authorities

directly affected the inflow of these remittances. To the extent that the authorities regarded remittances as important enough to sustain, there were implications for the approach adopted to treatment of the domestic dependents.

The relatively more comfortable existence of the domestic dependents put the concerned provincial authorities in the position of being able to allocate provincial funds in larger sums among a greater number of other provincial groups than would otherwise have been the case. Family remittances further contributed to meeting provincial needs in general, as an important indirect source of capital investment for provincial construction, and public welfare projects.[8]

Direct investment remittances derived from overseas were also an important source of revenue. Overseas investment capital was perhaps of greater direct benefit to the recipient province than were family remittances. In addition to the foreign exchange derived from investment remittances, the provincial authorities could directly apply these funds in full within the province for the establishment and expansion of industrial and commercial enterprises, as well as required public facilities. In short, investment remittances have constituted an important source of capital for provincial economic development.

Remittance Policy, 1949-1954

Prior to 1954, however, there were few measures promulgated which concerned family and investment remittances. In fact, there was no coherent state remittance policy prior to 1955. In January 1950, Ho Hsiang-ning, Chairwoman of the Overseas Chinese Affairs Commission (OCAC), revealed that efforts were being made to establish

regulations concerning remittances.[9] Decisions on remittances implemented in that year included temporary preferential measures allowing for a special exchange rate, direct conversion to the People's Currency, and an exemption from remittance fee charges.[10] In addition, recipients were entitled to reduced prices in retail stores.[11] Significantly, these measures were determined to some degree by taking into consideration the conditions prevailing in provinces with large populations of domestic dependents: regulations were promulgated, for example, both for South China and Fukien Province.[12] It is possible that the importance of remittances to these areas had led to early demand articulation and some degree of subsequent accommodation by the central authorities.

The regulations introduced in 1950 were complemented by additional measures, announced by Ho in January 1951, taken to simplify all aspects of remittance procedure and to increase the number of remittance offices to facilitate the process.[13] In June, Liao Ch'eng-chih, a senior Vice-Chairman of the OCAC, addressed the First Enlarged Overseas Chinese Affairs Work Conference and considered the question of remittances. Liao pointed out the coordinating role of remittance operations for all other overseas Chinese affairs work, and the resultant necessity for effective management of remittance operations.[14] Moreover, Liao indicated that overseas Chinese affairs was faced with a number of pressing tasks, including the promotion of remittances.[15] However, remittance promotion was a lower priority task than, for example, the mobilisation of the domestic dependents for participation in land reform. The completion of this fundamental program was a top

priority of the new regime. As will be suggested below, to the extent that the implementation of land reform was evidently not widely supported by the domestic dependents, the promotion of remittances from abroad was adversely affected.

Apart from the temporary measures taken in 1950 giving limited preferential treatment to remittances, the only significant decision emanating from the State Council in January 1952, directed lower level Party organisations to use all means at their disposal to attract overseas remittances and mobilise all remittances for use in production and construction projects.[16] In addition, Ho Hsiang-ning, via an open letter in January 1952, appealed to domestic dependents to invest their funds in a wide range of industrial enterprises.[17]

The fact that a few incremental decisions were made regarding remittances indicates that they were viewed more or less as having some economic significance. The measures adopted prior to 1955 seem to have had three purposes. They were temporary, limited steps concerned with establishing the facilities involved in sending and receiving remittances. They were intended to rationalise the remittance processing apparatus by laying down basic procedures and regulations. In addition, the measures established that remittances were to be generally channeled into economic enterprises. No distinction appears to have been made between family and investment remittances in the promulgated measures. Moreover, no guarantees were made in respect to either of them. No assurance had been given that remittances intended to support domestic dependents actually would be used for that purpose. In short, the central authorities had done no more than provide the

facilities to acquire remittances. They invited the overseas Chinese to send remittances, but no policy had been formulated which specifically stated the positions of the central authorities with respect to remittances.

Dependent variable: Remittance Protection Policy, 1955

On February 23, 1955 the State Council promulgated the remittance protection policy.[18] The question of formulating a policy on remittances had emerged during two important meetings held in the previous sixteen months.

Between November 1953 and July 1954, a comprehensive review of overseas Chinese policy was undertaken by the Overseas Chinese Affairs Commission (OCAC). In November 1953 the central OCAC called its Second Enlarged Conference. This conference appears to have dealt primarily with problems associated with selecting overseas Chinese nominees for election to the National People's Congress.[19] It seems reasonable to assume that it was at this conference that discussions were initiated on the future content and direction of overseas Chinese policy in general.[20]

It was during the Third Enlarged OCAC Conference held eight months later, in July 1954, that key policy proposals were presented. During this conference an important proposal concerning remittances was introduced.[21] An indication of the nature of the proposal was made public two months after the conference closed. In September 1954, Ho Hsiang-ning pointed out that two "comparatively important questions" were remittances and the use of overseas Chinese capital in rural development, housing construction, and the establishment of

schools.[22] The second question was concerned with investments and capital contributions by the overseas Chinese. Remittances also impinged upon the question of investment in production, as well as on the standard of living enjoyed by the domestic dependents. The remittance proposal, then had addressed the question of acquiring overseas Chinese funds. Presumably, it was on the basis of the remittance proposal presented at the Third Enlarged Conference that a draft policy was formulated and presented to the State Council for final decision.

The remittance protection policy promulgated by the State Council consisted of a preambular text and four provisions. The preambular text acknowledged that "particularly in areas where dependents of overseas Chinese live together, remittances from the overseas Chinese play a conspicuous part in boosting local economy and developing cultural and public works."[23] In order to ensure that the local economy of the home districts benefitted from remittances, the policy included four provisions pertaining to the protection of family and investment remittances. First, remittances were deemed the lawful income of the domestic dependents to be permanently protected by the state. Second, the principle of voluntary investments and contributions was adopted, and infringements and encroachments on remittances were explicitly forbidden.[24] Third, the domestic dependents were free to use remittances for any other purpose they wished. They could, for example, use their remittances to pay for weddings, funerals, and celebrations. Finally, the policy encouraged but did not require the domestic dependents and the Chinese abroad to invest in production or the local investment companies. In addition, investment was encouraged

in a variety of public welfare projects including schools. Local governments were asked to provide facilities and assistance to those overseas Chinese and domestic dependents who wished to make investments in economic enterprises or contribute to local construction projects.

The policy essentially was designed to ensure that the domestic dependents actually received the remittances sent to them by their relatives abroad. If remittances were protected from interference - theft, embezzlement, and outright appropriation, for example - then the overseas Chinese would be more inclined to continue sending them to their dependents in the home districts. Moreover, remittances entered the local economy through purchases of consumer goods and investment in local economic enterprises. Thus, if remittances were to support the local economy, then they had to be protected from abuse.

A related, but secondary question concerns the ratification by the Standing Committee of the National People's Congress at its 78th Session of a decision to grant preferential treatment to overseas Chinese investments in the overseas Chinese investment companies in China.[25] The 1955 policy had encouraged investment, but no guarantees were made by the central authorities in respect to it. Under the 1955 policy, specific terms and conditions of investment evidently were left to the appropriate subnational authorities. Thus, it is worth considering whether the central authorities were influenced by subnational groups while making the 1957 investment decision.

Decision-making in Overseas Chinese Affairs

The Overseas Chinese Affairs Commission consists of two organisational components. A permanent staff administers the programs of the

bureaucracy based on the policy determinations made by a State Council appointed committee leading the OCAC bureaucracy.[26] The appointed committee is composed of indlviduals whose main area of responsibility or involvement is overseas Chinese affairs. In so much as overseas Chinese affairs is not a functional area per se, but rather a concept embracing aspects of a number of different functional areas, the appointed committee is also composed of representatives of the involved functional departments.[27] This committee is the highest state organ responsible for decision-making in the overseas Chinese affairs field.[28] Having been appointed by the State Council, the committee members presumably held the trust of the former body. In other words, the decisions taken by the committee, although passed on to the State Council for final approval and promulgation, would have undergone few changes if any in the State Council.

It should be noted that certain external overseas Chinese policies may have been subject to the direction of the central foreign affairs apparatus.[29] Stephen Fitzgerald has suggested that extra-bureaucratic direction was also the case in domestic policy-making.[30] According to Fitzgerald, "major external policy decisions, presumably the responsibility of the Politbureau or its Standing Committee, probably are made in conjunction with the State Council Staff Office of Foreign Affairs, with advice from the Foreign Ministry and the OCAC."[31] Fitzgerald considers it unlikely that the OCAC has the authority to make even minor external policy decisions.[32]

However, there is reason to believe that the OCAC was the focus of much of the policy-making in overseas Chinese affairs. Before the

Staff Office of Foreign Affairs was established in 1958, the Premier's Secretariat was responsible for foreign affairs. No leading members of the OCAC are known to have been associated with the Premier's Secretariat.[33] Moreover, "... the Foreign Ministry has not been represented on the Commission at the vice-ministerial level, as other ministries were, and very few members have been drawn from the foreign affairs field."[34] This suggests that the Foreign Ministry was not closely involved organisationally with the OCAC. On the basis of evidence provided by Fitzgerald, the role of the Foreign Ministry in decision-making on overseas Chinese affairs may have been limited to consular matters. It is known, for example, that only two members of the 3rd OCAC were affiliated with the Foreign Ministry. Ch'in Li-chen was the Director of the Consular Affairs Department of the Foreign Ministry, and Chung Ch'ing-fa had been a counsellor and chargé d'affaires in the Chinese Embassy in Djakarta.[35] Furthermore, the leading Party organ responsible for overseas Chinese affairs, both domestic and external, between 1949 and 1954[36] was the United Front Work Department of the CCP Central Committee (UFWD). There was no separate organ of the Party charged exclusively with overseas Chinese affairs, apparently in recognition of the many functional areas with which such an organ would have to contend separately in determining overseas Chinese policy. Consequently, the lack of involvement by the Foreign Ministry, the absence of a separate overseas Chinese affairs Party organ, and the relatively low priority accorded overseas Chinese affairs in the UFWD[37] increased the scope and influence of the OCAC bureaucracy in the making of overseas Chinese policy.

Kwangtung Province and Overseas Remittances

According to the 1953 national census, there were nearly 12 million Chinese residing in foreign countries.[38] Approximately 95 per cent of the overseas Chinese were natives of South China, particularly Kwangtung and Fukien provinces. Kwangtung alone accounted for 65 per cent of the overseas Chinese population.[39] It has been estimated that the domestic dependents, that is the immediate relatives of the Chinese abroad, numbered 6.4 million in Kwangtung in 1954.[40] This figure is exclusive of returned overseas Chinese, overseas Chinese students, and relatives of the domestic dependents in Kwangtung.[41]

The relationship between the Kwangtungese and the overseas Chinese communities had obvious important economic implications. In fact, the provincial authorities had a fundamental interest in the maintenance and promotion of overseas remittances. Most of the domestic dependents in Kwangtung, representing about 20 per cent of the provincial population, received remittances from abroad.[42] Having the largest population of domestic dependents, Kwangtung province was the principal recipient of family and investment remittances. Between 1950 and 1961, the province consistently received over 50 per cent of the total annual remittances sent to China. Kwangtung received remittances amounting to approximately $24 million (U.S.) annually.[43] In 1955, funds absorbed by the Overseas Chinese Investment Companies in Kwangtung and Fukien amounted to 10 per cent of the capital invested in their respective local industries.[44] Thus, overseas remittances represented an important source of capital for the development of the provincial economy. In fact, the receipt of remittances was critical to the

TABLE 12. ESTIMATE OF TOTAL REMITTANCES TO KWANGTUNG PROVINCE, 1950-1964
(millions of United States dollars)

Year	Kwangtung's Annual Remittances	Wu's Estimate of Total Annual Remittances	Percentage Received by Kwangtung
1950	37.598	60.100	62.5
1951	32.957	56.810	58.0
1952	20.770	41.050	50.6
1953	23.804	45.340	52.5
1954	21.715	41.220	52.6
1955	24.413	46.490	52.5
1956	23.948	45.850	52.2
1957	23.648	45.420	52.0
1958	21.508	41.690	51.7
1959	19.229	36.050	53.3
1960	21.058	41.690	50.5
1961	20.168	38.890	51.8
1962	19.678	39.770	49.5
1963	22.396	42.420	52.7
1964	23.646	44.920	52.6
AVERAGE	23.744	44.527	53.3

Source: Chun-hsi Wu, Dollars, Dependents and Dogma: Overseas Chinese Remittances to Communist China, (Stanford: The Hoover Institution, 1967), p. 142 for total annual remittances to China.

Note: Annual remittances to Kwangtung were calculated by assuming that the percentage of overseas Kwangtungese of an overseas Chinese population in a foreign state contribute a proportion of remittances originating in that foreign state equal to that population ratio. Wu applied this method on a limited scale in his study, see Dollars, Dependents and Dogma..., pp. 119, 122. Actual calculations were made on the basis of Wu's estimates of remittances originating in Thailand, Malaysia-Singapore, Philippines, Indonesia, South Vietnam, Cambodia and Laos, Burma, Americas and Australia, and Hong Kong and Macau. See Wu, pp. 107, 113, 118, 121, 123, 124, 129, 135, respectively. The

TABLE 1 (continued)

proportion of Kwangtungese in the overseas Chinese populations of all these areas, except Indonesia and Hong Kong and Macau, are in Wu, pp. 96-126. On the basis of the discussion in A. Doak Barnett, Communist China and Asia: Challenge to American Policy, (New York: Alfred A. Knopf and Random House, 1961), p. 175, it is assumed that the proportion of Kwangtungese in the overseas Chinese population of Indonesia is 20 per cent. Proportion for Hong Kong and Macau is reported in SCMP 1266, April 7, 1956. Remittance figures used are all remittances via Hong Kong. According to Wu, Hong Kong has been the principal channel through which remittances reached China; remitters of Kwangtung origin usually would remit funds via Hong Kong. See Wu, p. 85, 122. It should also be noted that Kwangtung figures and thus the percentages may be somewhat higher as Wu's category "foreign currency carried by returning overseas Chinese, and direct remittances from areas other than Hong Kong" was excluded from calculation of Kwangtung's remittance receipts. The difference, however, is marginal because the excluded category represents an average of U.S. $2.1 million annually for 1950-1964. See Wu, pp. 128-30, 134-136, and Table 45 on p. 135.

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viability of the Kwangtung economy. According to A. Doak Barnett, any decrease in remittances had adverse effects on the entire provincial economy.[45] Any possible contraction in the flow of remittances to Kwangtung was, therefore, a serious matter for the provincial state institutional groups charged with local economic and social development as well as the domestic dependents concerned.

Kwangtung Province, State Finance and Local Development

From a provincial perspective, the significance of remittances was enhanced due to certain central government decisions concerning economic and social development. Central level decisions limited investment capital which was to be allocated to Kwangtung during the rehabilitation period (1949-1952), and the First Five Year Plan (1953-1957). These decisions are reviewed in this section.

As was the case in other provinces after 1949, the Kwangtung provincial economy needed to be reconstructed. The promotion of provincial economic development depended upon the availability of revenues for investment purposes. In order to pursue economic development, the relevant authorities required investment capital not only for the rehabilitation of the economy in general, but also for the expansion and modernisation of the industrial sector in particular.

One indication of concern with accumulating capital for economic undertakings was the importance attached to investment funds by the authorities in industrial centres. If investment capital for industrialisation was a concern in Kwangtung, then the Canton authorities were among the most concerned at the municipal level. The importance which they attached to investment capital was based in part on the fact that one-third of Kwangtung's industry was located in Canton.[46]

The need for investment capital took on a sense of urgency when, at the Third Representatives Conference of the CCP in Canton held between August 18 and September 2, 1952, the view was put forth that unless the economic bases of the municipality was restored and stimulated, social reforms could not be expected to evolve smoothly. To ignore the concerns of the industrial and commercial groups in Canton was risky, and could possibly result in the disaffection of the urban workers. In order to facilitate economic revival and social reform, the municipal committee unanimously agreed to the development of domestic and foreign trade, the rigid practice of economy, and measures to stimulate economic activity. The committee considered the improvement of the municipal economy to be its central task.[47] Later

in the fall, Chu Kuang, who was heavily involved in Canton's economic affairs,[48] made a report to the Canton Congress of Representatives of All Circles in which he identified financial and economic work as the main task for Canton in 1953.[49] Known to have favored local economic development, Chu probably stressed such an approach in his report.[50] Under a central government decision of March 1951, to be discussed below, local development projects were to be underwritten by provincial and municipal funds. Accordingly, if Canton officials elected to pursue a local industrial development strategy, then the funds required had to be generated locally.

Financial and commercial officials in the province may have been counting upon central level investment funds, in addition to those allocated by the provincial treasury, to stimulate the economy. To a large extent, the receipt of central level investment funds depended upon the economic priorities delineated in the First Five Year Plan (FFYP). With substantial investment funds and other resources to be allocated to those provinces and cities selected for priority industrialisation, local party committees (presumably, at both provincial and municipal levels) attempted to harness national level support to secure industrial enterprises for their localities. To the extent that Kwangtung authorities were involved in this political effort, they failed to persuade central officials to locate central-state industry in the province. The FFYP was weighted against the province in almost every respect.[51]

The thrust of the FFYP was industrialisation with heavy industry the chief investment consideration. The majority of the new industrial

projects were to be constructed in medium-sized cities located inland rather than in the coastal regions, such as Kwangtung. In addition, the inland provinces were to be financially supported in the development of light industry.

Thus, Kwangtung in general and Canton in particular, were neglected in the FFYP with respect to investment funds for both heavy and light industry. It was not until the spring of 1954 that the first publicised discussions on the FFYP took place in Canton. In May, at the Fourth Municipal Party Congress, it was made clear that the local officials considered that the municipality had not been granted sufficient support for industrialisation.[52] Apparently, provincial plans to "embark upon a large scale construction" in the economic sphere were threatened with curtailment unless alternate sources of investment capital were fully exploited.

The importance of locally generated revenues for the economic development of Kwangtung was accentuated by the FFYP. This suggests that if the provincial economy were to be stimulated, then Kwangtung authorities had to formulate a provincial position on local economic development.

T'ao Chu, the leading political figure in Kwangtung province after February 1952,[53] outlined the prevailing views of the Kwangtung authorities on the question of local economic development at the First South China Representatives Conference of the Chinese Communist Party which met in Canton between October 3 and October 24, 1953 to consider the tasks facing the Party in South China during the First Five Year Plan. T'ao pointed out that "efforts in the industrial field in South

China must first be concentrated on the proper operation and development of the local state owned industrial enterprises and the reform of capitalist industrial enterprises. That is to say, while the leadership of the state owned factories must not be relaxed, there must at the same time be positive and appropriate development of local industry and the serious socialist reform of capitalist industry. There must also be the proper attention to commerce and financial work, for these also are important in the construction of South China."[54] T'ao went on to note that the promotion of local industrial development was considered vital in order that Canton and Kwangtung in general could provide the industrial base for the economic construction of South China. He pointed out that "the direction of Canton's development must be striving for the early realisation of such a change ... only by bringing about such a change for Canton may we have a reliable industrial base when the whole South China region enters the stage of intensive industrial development. This should therefore be a task which we cannot overlook or neglect...."[55] Clearly, the lack of central level investment in Kwangtung's economy under the FFYP implied that provincial economic development had to be based on a local development strategy.

The FFYP also had financial consequences for provincial social programs. Generally speaking, central government investment expenditures in the 1950's were heavily concentrated in industry, construction, transportation, and communications. In contrast, social expenditures, concentrated in education and health, were financed largely (70 to 75 per cent) by subnational authorities. For the remainder, they relied

on central level appropriations.[56] In the fall of 1953, it was explicitly confirmed that education was not to be a priority consideration during economic construction. In September 1953 Chang Hsi-jo, Minister of Education, addressed himself to the question of opening additional primary and middle schools. Reiterating the view that the principal task of the government - economic construction - required that expenses in other areas be reduced in order to concentrate on the establishment of industrial enterprises, Chang flatly stated that additional schools simply could not be opened at that time.[57] Although there was an apparent need for additional schools throughout the country, the Minister of Education had in effect informed the subnational levels that central support and funds to satisfy that need would not be forthcoming. It was, therefore, incumbent upon the adversely affected subnational levels to take steps to ensure that both facilities and personnel were available to meet the educational needs of the growing number of school-age children.

Finally, provincial bureaucratic groups oriented towards financial and economic matters were concerned with the accumulation of investment capital, especially after March 1951. On March 29, 1951, the Government Administrative Council (GAC) promulgated a policy of centralised leadership and divided responsibility with respect to state finance. The heavy financial burden assumed by the central government for the acceleration of national defense construction and the stabilisation of domestic prices had greatly diminished the financial resources available for economic reconstruction and the maintenance of the administrative apparatus below the central level.[58] The 1951 GAC

decision stressed greater subnational reliance on local financial resources for both reconstruction and development, and administration.[59] The chief purpose of the decision was to provide a stimulus to local governments to initiate locally operated enterprises and assume a larger share of the responsibility for local construction undertakings.[60]

Faced with the prospect of only marginal central level financial support for local economic recovery and development programs, the Kwangtung authorities were compelled to establish revenue-generating enterprises. A degree of self-sufficiency could be made possible through retention of local enterprise revenues. However, it was necessary to raise the capital needed to establish the enterprises. Although the collection of taxes and sale of bonds in Kwangtung had met with considerable initial success, the returns were of a diminishing order. The population of Kwangtung - one of the "later liberated areas" - had resisted renewed efforts by the provincial government to collect taxes necessary to finance the provincial apparatus and its local programs. Thus, provincial societies and associations were mobilised to provide direct financial support for government services, thereby bypassing the provincial treasury. Very often, the provincial authorities depended upon patriotic appeals for funds rather than imposing their taxation authority.[61]

Accordingly, Kwangtung authorities were under some pressure to devise alternate revenue - generating schemes, in order to tap local financial resources to fund provincial development plans. Specifically, to stimulate the growth of local industry it was regarded as being necessary to develop new sources of revenue, especially to encourage

private investment for the construction and expansion of additional factories.[62]

For a very few provincial governments, the overseas Chinese communities represented an extra-societal source of private investment funds for local development purposes. Under economic constraints facing the Kwangtung authorities, overseas remittances were a critically important source of provincial investment funds by late 1953. Thus, provincial government departments involved in local economic development in Kwangtung - such as the departments of industry, commerce, public works, finance and trade - had an interest in promoting overseas remittances. In this regard, provincial education authorities also had an interest in local revenue generating plans, including overseas remittances.

Interest Groups in Kwangtung Province

The general importance of remittances for the provincial economy, as well as investment constraints imposed by central level funding decisions, gave a number of provincial groups a stake in remittance policy. For the most part, these groups were interested in attracting investment funds from the overseas Chinese.

To facilitate the channeling of remittances into provincial development, three major investment companies were established in Kwangtung by the provincial government. Between February 1951 and October 1953 the South China Enterprise Company, the Canton Overseas Chinese Investment Company, and the Kwangtung Provincial Overseas Chinese Industrial Construction Company were set up and given responsibility for a variety of construction and production efforts in the

province. The Kwangtung Provincial Overseas Chinese Industrial Construction Company was to be involved primarily in industrial and mining enterprises.[63] The Canton Overseas Chinese Investment Company was to undertake investment in factories, mines, communications, public utilities, and domestic and foreign trade.[64] Finally, the South China Enterprise Company was to be involved mainly in foreign trade operations and related shipping and industrial enterprises.[65]

The establishment of these companies indicates that the provincial government was committed to the accumulation of funds from the overseas Chinese and their domestic dependents for the purpose of local economic development. The inauguration of the investment companies prior to the enunciation in January 1952 of the State Council directive on attracting remittances for investment suggests that the provincial government had accepted the practice of promoting remittances at an early date. Thirty per cent of the investment capital for each of the companies was to be provided by the provincial government. The balance was to be solicited from the overseas Chinese and their domestic dependents. Thus, these provincial investment companies had a direct interest in the promotion of overseas remittances.

The range of activities covered by the investment companies suggests that several other governmental groups were involved in advocating remittance promotion. Specifically, the Departments of Industry and Commerce as well as the provincial foreign trade organ appear to have been active participants. The Industry and Commerce Departments provided assistance to the investment companies and to the many smaller enterprises in Kwangtung financed by the domestic

dependents.[66] In addition, these Departments were authorised to investigate businesses handling overseas remittances[67] presumably to ensure that remittances were reaching the persons and companies for which they were intended. Moreover, an awareness of the limited resources available for cultivating industrial and commercial enterprises probably assured that the two Departments would be key advocates of remittance promotion. The Bureau of Foreign Trade was involved to the extent that the provincially-based investment enterprises catered to the overseas Chinese market in Southeast Asia. As the traditional centre supplying goods in demand among the Chinese in Southeast Asia, Kwangtung Province was in a position to renew and expand its foreign trade activities throughout the region.[68] Due to the lack of an effective mechanism to coordinate Kwangtung's foreign trade, it remained largely unplanned and unorganized between 1949 and 1951.[69] However, with their orientation toward the overseas Chinese, the investment companies were given responsibilities in the foreign trade field, both to overcome previous trading deficiencies and to provide for more or less direct dealing with overseas Chinese entrepreneurs wishing to import goods from Kwangtung. In addition, it was anticipated that the investment companies, through careful planning of imports and exports, would be able to achieve some foreign exchange savings in their foreign trade operations.[70] Thus, those bureaucratic groups responsible and accountable for various provincial economic activities apparently depended on the investment companies and their subsidiaries - and indirectly on the domestic dependents and their relatives abroad - to provide a large proportion of the financial resources necessary to support the provincial economy.

The governmental groups were not alone in their concern for the continuation of a large volume of remittances. The domestic dependents had an interest in the financial health of the investment companies to the extent that they represented employment opportunities and job security for a portion of that societal group. The investment companies were responsible for diverting the accumulated funds into local industrial construction and production projects in those areas of the province largely inhabited by the domestic dependents. The purpose of this effort was to stimulate the economy of the principal overseas Chinese home districts.[71] In part, the investment companies depended for their success on making an economic and social contribution to the provincial domestic dependent's communities; the satisfactory execution of this responsibility was necessary if the companies expected substantial continuing investment by both the overseas Chinese and their dependents. To this end the Kwangtung Provincial Overseas Chinese Industrial Construction Company reconstructed and established enterprises in the home districts, and employed the domestic dependents in its subsidiary factories and enterprises as staff members and workers.[72] In addition, the company employed overseas Chinese refugees who had returned to China and settled in Kwangtung. Presumably this hiring practice was also carried out by the other two investment companies. Moreover, there were a great number of smaller enterprises set up by the domestic dependents in the home districts[73] which were probably oriented towards economic dealings with the major investment companies and their subsidiaries. The three principal investment companies thus provided both direct and indirect employment for the domestic dependents

and thereby contributed to the economic viability of the home districts in general.[74]

Both the domestic dependents and the Chinese abroad invested in the companies. More important, as both the interest and dividends accruing to the shareholders was not allowed to leave the PRC in this early period, any financial benefits could be passed on to the domestic dependents to supplement further the family remittances received.[75] Accordingly, the domestic dependents had an interest in receiving assurances that their investments would not be vulnerable to infringement by party or government authorities at a future date.

In fact, both the governmental groups and the domestic dependents were concerned with the persistent problem of interference with the receipt of remittances typified by theft, coercion, and corruption. In addition, the receipt of letters by the overseas Chinese threatening the lives of their relatives unless financial demands were met[76] was also a problem. As a result of the extortion, theft, and coercion of remittances, the overseas Chinese reacted by reducing or terminating regular remittances to China.[77] During 1952 the volume of overseas remittances to Kwangtung dropped precipitously, declining by 37 per cent over 1951 and nearly 45 per cent over the 1950 volume of $37 million (U.S.).[78] Had the Kwangtung authorities been able to maintain the remittance volume of 1950, remittances through the end of 1954 would have totalled about $187.5 million (U.S.). However, the total volume in 1950-1954 was about $136.6 million (U.S.). Based on the 1950 remittance volume, Kwangtung in effect lost about $50 million (U.S.) in potential investment from overseas in the 1950-1954 period.

The problem of remittance losses required resolution since its continuation threatened the provincial economy.[79] In fact, the problem was of sufficient scope to warrant the establishment of an investigation committee within the provincial OCAC to examine cases of alleged remittance losses through theft and corruption.[80] Even though investment capital was derived directly from overseas and indirectly from the recipients of family remittances, it was the latter which accounted for a large part of investment funds. Accordingly, in order to safeguard investment funds it was necessary to protect remittances in general from abuse.

Clearly, the bureaucratic groups concerned with raising development revenues had an interest in remittance protection. Moreover, until theft and losses were curbed the overseas Chinese presumably would not remit funds on a large scale for family maintenance or investment purposes. These considerations, in addition to interference with remittances by basic-level cadres, resulted in the adoption by the provincial government of a policy protecting remittances and their use in September 1953.[81]

In addition to these provincial groups oriented to economic development, groups involved in furthering education in the province were also interested in remittance policy.

Kwangtung Province appears to qualify as a province which could have expected to experience a severe shock from the central government's neglect of the educational field. By 1952 there was a combined total of 3,300,000 primary, middle and university students to be accommodated in schools in Kwangtung, almost double the student

population prior to 1949. Moreover, it was expected that the enrollment of primary and middle school students would reach 3,730,000 with the commencement of the school term in the fall of 1952.[82] To meet the greatly increased need for sufficient space for students in the provincial educational system, the corresponding number of facilities required also increased substantially. To provide sufficient space for the primary school population, Kwangtung needed approximately 65,000 schools by 1952 in contrast to the 30,000 operating prior to 1949.[83] Furthermore, the quantity and quality of available school teachers was regarded as "far below the demands created as a result of the new situation."[84] Additional difficulties arose due to the fact that the on-going programs of the provincial Departments of Education and Culture were only beginning to manifest tangible results by 1952. For example, the provision of education for national minorities in the province, an important provincial consideration, had resulted in 10 per cent of the total national minorities population receiving some kind of education. As a matter of provincial concern, national minority education clearly required further support and considerable development. Spare time education for workers and peasants also constituted a major aspect of provincial education plans. Spare time education, necessitating the establishment of evening middle schools and short-term primary and middle schools, required a sizeable commitment of resources. Moreover, planned large-scale programs for 1953 included a provincial literacy campaign, the groundwork for which had been laid in 1952.[85] Clearly, the successful development of educational work in Kwangtung was based on the rapid development and

continual establishment of primary, middle, technical and special schools, and the associated training and evolution of a competent pool of teachers. However, this kind of effort could be nourished only by a compatible, supportive central education policy in general and a steady increase in budgetary appropriations from the central government in particular.[86]

Traditionally, the overseas Chinese remitted monies for the establishment, maintenance and expansion of educational facilities in their native provinces. Specifically, they financed schools in their home districts and villages. As with other types of remittances, Kwangtung probably received the largest share of investment remittances intended for the operation of educational facilities. Kwangtung's ranking, along with Hopei and Shantung, as the provinces with the greatest number of schools in pre-liberation China is attributable in part to the generosity of the overseas Chinese.[87] In both the pre and post-liberation periods, Kwangtung has been virtually dependent upon overseas financial support for the provision of educational facilities for the domestic dependents as well as the provincial populace in general.[88]

In 1962, a Nan Fang Jih Pao editorial comment referred to the chronic dependence of Kwangtung on overseas Chinese sponsored schools. According to the editorial, "... to run schools with the financial support of overseas Chinese is a positive factor contributing to socialist education - which must be encouraged and supported by us."[89] Support for overseas investment in Kwangtung's education system was necessary for two reasons. First, as late as 1962 state run schools

were "still incapable of meeting fully the needs of youths seeking education...".[90] Second, "... by allowing overseas Chinese to run schools on their own resources we can lighten the burden on the state...".[91] In other words, overseas Chinese investment was an important source of financial support for the provincial education system. Investments by the central government in educational facilities for Kwangtung were not sufficient to meet the educational needs of the provincial population. Moreover, overseas funding reduced the pressure on the provincial government to increase appropriations for education. Thus, the promotion of overseas Chinese investment in Kwangtung's education system was "a long term guideline to be energetically implemented."[92]

In fact, the overseas Chinese-sponsored schools in Kwangtung were not attended exclusively by overseas Chinese students and the children of the domestic dependents. The overseas Chinese students in such schools normally accounted for only 50 per cent of the total school enrollment.[93] Admitting students who were not relatives or family members of the overseas Chinese, the schools effectively reduced the provincial commitment necessary to meet the need for opening new schools to the population at large. Nevertheless, the curtailment of primary and middle school construction projects by the Ministry of Education enhanced the importance and urgency of building school facilities by the relevant provincial authorities. On the other hand, Kwangtung was in a position, by virtue of a significant level of overseas educational investments, to cushion the adverse impact of the central decision if these investments could be vigorously promoted and subsequently sustained.

The overseas Chinese, their domestic dependents, and the overseas Chinese sponsors of students returning to study in China were the key sources of overseas financial investment in educational enterprises. Relying on Kwangtung schools to educate their children, the domestic dependents not only contributed funds themselves but they also asked their relatives overseas to do likewise. The schools themselves were responsible for maintaining regular contact with their overseas benefactors to facilitate the receipt of additional operating funds, and to inform of developments in the schools. The sponsors of students returning to Kwangtung were regular if not principal supporters of educational facilities operated with overseas funding;[94] for the most part sponsored students attended overseas-financed schools. For their part, the returned students were commonly recipients of remittances from their overseas sponsors. In addition, these students were often the recipients of the interest and dividends accruing to sponsors who were shareholders in the provincial investment companies. The returned students were a stimulus to the growth of educational enterprises in Kwangtung. Their presence had an indirect impact on the inflow of investment funds to the provincial overseas Chinese investment companies and the provincial economy in general.

Dependent upon the overseas Chinese for the provision of much of the educational investment capital necessary to perform adequately its assigned functions and carry out its local programs, the provincial Department of Education had a fundamental interest in the nature and shape of the policy on overseas Chinese remittances and investments. Since such policy had potential consequences for the chief revenue

sources of the Department of Education, it maintained close contact with the provincial OCAC. Moreover, to the extent that the responsibility for the welfare of the domestic dependents and the inculcation of socialist attitudes and behaviour among them concerned the provincial OCAC, it was interested in the financial vitality and programmatic undertakings of the Department of Education. Having partially related responsibilities provided a catalyst for the coordination of some of their programs. Yet the success of either bureaucratic group's related programs depended largely on whether or not the domestic dependents and the overseas Chinese could be encouraged to invest in Kwangtung's educational system.

There is evidence which indicates that the Department of Education and the Kwangtung OCAC cooperated in the promotion of overseas investment in the provincial education system. In fact, even prior to 1955 the Department of Education and the provincial OCAC had cooperated in soliciting contributions from the overseas Chinese. This effort was undertaken because the vast majority of returned students were being recommended or directed to schools outside Kwangtung.[95] Directing returned students to schools outside Kwangtung in part reflected the limited space available in regular educational institutions in the province.[96] Though provincial efforts were modest initially, the results were positive. To promote educational investment, efforts were directed at attracting overseas Chinese students to the province since the direct benefit of their presence was a monetary gain.[97] In addition, the Department of Education and the provincial OCAC responded to the situation by establishing a number of facilities to accommodate the returned students.

Initially, the Kwangtung Department of Education and the Canton Bureau of Education jointly promulgated measures in 1950 granting preferential measures to overseas Chinese students returning to China to pursue advanced studies.[98] In July 1951, the Nan Fang Jih Pao announced the establishment of an Overseas Chinese Institute at Nan Fang University. Students who were the children of domestic dependents were expressly barred from admission to the new Institute. The limited enrollment of 500 students was modest; the exclusion of domestic dependent students potentially allowed for 500 additional overseas sponsors who would contribute to the operation and expansion of the Institute.[99] By September 1951 at least one newly established overseas Chinese middle school was being operated, in addition to the Institute, by the provincial government; presumably under the direction of the Department of Education and the provincial OCAC.[100] Following the Ministry of Education's guidelines, the Department of Education was instructed to grant preference and priority to returned students on enrollment and personal maintenance matters.[101] Returned students were to be provided, for example, with free board, lodging, lecture notes and school uniforms during the period of study.[102] In addition, efforts were made to tap indirectly the financial resources of Hong Kong and Macau through the promulgation in March 1952 of Provisional Regulations for Hong Kong and Macau Senior Middle School Graduates Returning to Canton for Schooling. In conjunction with these provisional measures, an advisory committee was established to promote the return of the Hong Kong and Macau graduates to Canton and the province in general. Indicative of their responsibility for the enactment of the

provisional regulations, the Kwangtung OCAC, the Department of Education, and the Canton Students Union set up the committee.[103]

The announced halt of primary and middle school construction, first signalled in January 1953,[104] probably compelled the two governmental groups to intensify their promotional efforts. It may be assumed that since requests or demands to the Ministry of Education regarding financial allocations for school construction would be routinely denied, the Department of Education directed its efforts toward the provincial OCAC. At the least, the Department sought the support of the Kwangtung OCAC in promoting educational investments. Greater promotional efforts appear to have been made, particularly with respect to attracting students to the province from foreign jurisdictions. The Committee for Guiding Senior Middle School Graduates from Hong Kong and Macau to study in Canton was reactivated in the summer of 1953. The number of students arriving from the colonies for the fall term of 1953 was approximately 2,000.[105] This compares quite favorably with Kwangtung's total number of returned students (2,011) in the November 1950 to September 1951 period.

At the municipal level also, the educational authorities and those responsible for overseas Chinese affairs cooperated to promote educational investments. Reflecting its concern with the construction of educational facilities in the municipality, the Canton government was active in organising and guiding students from the colonies. In November 1954, Hsieh Ch'uang, Director of the Canton Overseas Chinese Affairs Bureau (OCAB), indicated that the organisation hoped primary schools would be promoted under overseas Chinese sponsorship. In

addition, he noted that the Canton OCAB was prepared to assist in the promotion of such schools.[106]

In summary, the Departments of Industry, Commerce, and Education, the provincial Foreign Trade Bureau, and the provincial investment companies generally were in support of remittance promotion and protection prior to 1955. These governmental groups had a number of sound economic reasons for demanding a state policy which encouraged and safeguarded remittances. First, remittances provided an automatic grant of foreign exchange to the province which could be applied against provincial foreign import requirements. Remittances therefore contributed indirectly to the revitalisation and strengthening of the province's foreign trade activities. Second, remittances provided capital investment funds for provincial development which would not otherwise have been available. In addition, investment funds derived from remittances complemented the provincial government's policy of support for local economic development. Third, as a result of enterprise investment in the overseas Chinese home districts, remittances contributed to the economic vitality of those areas by indirectly providing employment to the domestic dependents. Fourth, remittances constituted an indirect economic grant to the provincial government thereby releasing additional funds in the provincial treasury for other purposes. Moreover, they helped to limit the need to impose taxation and other extractive revenue-generating schemes on the provincial populace in general to raise funds. Finally, within the general economic parameters established by the central government's financial and economic policies, the promotion and protection of such an important revenue source as remittances probably appeared to be a reasonable and attractive proposition.

The receipt of overseas remittances stemmed from the existence of a relationship with the overseas Chinese. Thus, demands made in respect to remittances fell largely within the competence of the overseas Chinese affairs bureaucracy. The Kwangtung OCAC aggregated the interests of the involved groups. This incorporation of demands would have been relatively easy to accomplish. There was a congruence of interests among the governmental groups. They all were advocating, or at least found it in their interest to support, the protection and promotion of overseas remittances.

No less important was the position taken by the Kwangtung OCAC with respect to remittances. If the provincial OCAC was in agreement with other involved governmental groups, then it would have been more inclined to aggregate their interests and rearticulate a unified provincial position on remittances to the central OCAC. In early 1952, Wu Chih-chih, Director of the Kwangtung OCAC, pointed out that "it must be recognized that overseas remittances ... can be profitably used as capital for production enterprises and should be encouraged. We should also refrain from feeling jealous of families with some remittances which enable them to live more comfortably."[107] The provincial OCAC had apparantly accepted the view that the domestic dependents could enjoy a more comfortable standard of living than the general populace, provided that some of the remittances which allowed such a standard to be maintained were also invested in provincial enterprises. The provincial OCAC was advocating privileged treatment for the domestic dependents to the extent such favor was a positive factor in meeting provincial investment and development needs.

Provincial Policy and Overseas Remittances

The shared interests of the various governmental groups were accommodated in several provincial decisions. The provincial authorities, aware of the potential financial support available from overseas Chinese with sentimental, commercial, and familial attachments to the province, rapidly prepared the groundwork necessary to make appeals to the overseas Chinese for investment funds to establish enterprises, and to tap the capital held by the domestic dependents for similar purposes.

In January 1951, the Kwangtung government issued a directive calling on the domestic dependents of overseas Chinese to engage in production and practice economy. The document indicated that they were to be persuaded to change their mistaken view of depending on remittances, and they were directed to "refrain from dependence on remittances."[108] It is both curious and significant that the document went on to direct lower-level overseas Chinese affairs organs to launch a letter-writing campaign among the domestic dependents to persuade their relations abroad to "make efforts to remit larger sums of money home so as to put their families on their feet."[109] In one sense, the directive was internally inconsistent. This may have been due to the land reform movement's essential requirement of participation in agricultural production: the directive associated the receipt of remittances for living purposes with an aversion to manual labor which was thought to exist among the domestic dependents of overseas Chinese.[110] In another more important sense, the directive was designed to promote the investment of remittances in provincial economic activities. In the document, the Kwangtung authorities directed the domestic

dependents to invest in a wide variety of provincial enterprises. In other words, the January 1951 directive was intended to encourage the overseas Chinese to send family remittances, a portion of which the domestic dependents were asked to treat as investment remittances. In this respect, the provincial government had anticipated, over a year in advance, the State Council directive concerning the investment of remittances, as well as Ho Hsiang-ning's related appeal to the domestic dependents.

The effort of the provincial authorities to maintain a high level of overseas remittances was adversely affected by the initiation of the land reform movement in Kwangtung. Following the promulgation of the Agrarian Reform Law in June 1950, preliminary investigations of the major high density domestic dependent centres were undertaken and completed in Kwangtung towards the end of 1950.[111] These investigations were prompted by the fact that the domestic dependents and their relatives abroad held approximately one-fifth of all the land in Kwangtung.[112] Although the provincial Land Reform Committee may have had hopes of an early resolution of questions regarding methods of dealing with overseas land-holdings, such questions proved to be some of the most sensitive encountered by the Committee.[113]

The basic approach to overseas Chinese and domestic dependent landholdings was described by Fang Fang, Third Secretary of the South China Sub-Bureau and Vice-Chairman of Kwangtung, in an address to the First Kwangtung Provincial Conference of Representatives of All Circles, held in Canton from October 5-16, 1950. Referring to overseas Chinese land ownership as a "complicated issue", Fang Fang indicated that the

provincial government had studied the question thoroughly and had determined that it required "special attention and concrete policies."[114] In this respect, the Land Reform Committee concentrated for the most part on problems related to the distribution of land among the domestic dependents. However, there were implications for the maintenance of a high level of remittances. Both the provincial and central land reform regulations had made provision that dependents who received regular remittances were to be allotted less land than the average or none at all.[115] In addition, resistance to land reform stiffened among dependents in Kwangtung because their class status was being determined by basic-level cadres who based their decisions on the amount of remittances received.[116] Evidently, neither the provincial nor the central authorities had anticipated that discrimination against those receiving remittances would result in a contraction of funds destined for Kwangtung. The increasingly radical mood at the time tends to suggest that revolutionary fervor had surpassed pragmatic considerations; the effect of a harsh line in land reform on the receipt of remittances was a secondary question at best.[117]

Because the receipt of remittances affected one's class status and hence one's entitlement to landholding, there were long-term implications from the perspective of the dependents. There were several alternatives available to dependents seeking to avoid the label, as well as the consequences of an unacceptable class status. For example, remittances could be terminated, reduced, or sent into Kwangtung through questionable and usually illegal channels.

In addition, the land reform movement provided grand opportunities for the theft or appropriation of remittances by corrupt as well

over-zealous cadres. The overall effect was to undermine the credibility of the provincial authorities both with the respect to safeguarding remittances from interference, and to protecting the interests of domestic dependents. In some cases, overseas Chinese communities expressed their dissatisfaction and sought reassurances from the provincial authorities. The Chinese in Hong Kong, the principal source of remittances destined to Kwangtung, demanded changes. The Hong Kong Chinese Chamber of Commerce considered that the problem of remittance extortion in Kwangtung required immediate rectification. The Chamber of Commerce sent a telegram to Yeh Chien-ying, Chairman of the Kwangtung government, requesting that fear tactics be stopped, known cases investigated, and the mistakes corrected to appease the overseas Chinese.[118]

As long as the priority was with agrarian reform, however, the effects of discrimination and abuse on remittance volume were not regarded as an important issue. It was to be expected that once land reform had been concluded, and priority accorded to rehabilitation and expansion of the provincial economy, efforts would be renewed to counteract the loss of remittances as a source of provincial development revenue. By February 1953, the Land Reform Committee had completed an investigation of the reactions and problems resulting from the movement in Kwangtung.[119] In part, the committee's findings revealed that the domestic dependents who received overseas remittances were prudently concealing the fact. This situation was undesirable for it invited smuggling and other surreptitious activities preventing accurate accounting. More importantly, it threatened the provincial

economy through a loss of foreign exchange and readily available investment funds. In fact, the committee's investigation found that the peasants in general were spending their money on their personal welfare rather than investing in production. The report recommended that the available capital be concentrated upon production. Apparently, it was necessary to do more than acquire their general political support if domestic dependents were to invest in production. In order that remittances were visible and publicly available, the provision of some assurances or protection to remittances, so that infringements and coercion would not be used to extract funds from the dependents, was therefore desirable.

Two months later, in April 1953, the Kwangtung government announced the completion of agrarian reform and the switch-over to production.[120] Production entailed generating and allocating revenues for investment in economic undertakings. Accordingly, if the provincial government had any intention of renewing efforts to attract overseas remittances to Kwangtung, then it would have been acted on after April 1953. The introduction of preferential measures for domestic dependents in Kwangtung appears to have begun in June-July 1953.[121] Specifically, the provincial government decided to institute a limited program for the domestic dependents in order to correct and counteract the errors and excesses committed during land reform.[122]

Most notably, the government undertook to protect overseas remittances fully after land reform, as opposed to partially, if at all, during land reform.[123] The provincial authorities admitted that remittances had been infringed upon in the past. Although they

indicated that remittances should be used for production, the provincial authorities had taken the unprecedented step of guaranteeing the right of the dependents to own and use remittances with relative freedom from interference.[124] In addition, the decision accommodated to some extent the interests of the provincial governmental groups directly concerned with local development and education. This was achieved inasmuch as the provincial remittance protection decision was intended to encourage the overseas Chinese to continue sending funds to their dependents in Kwangtung.

The provincial decision was not highly successful in promoting overseas remittances. The volume of remittances destined for Kwangtung did not increase after the decision was made. Compared with 1953, the total amount of remittances sent to Kwangtung in 1954 dropped by almost 8.8 per cent, or just over $2 million (U.S.). In effect, the decision had not maintained or increased the level of remittances. However, the decision may have prevented further large drops in the level, such as those experienced during the land reform in 1952 and 1953. The overall drop probably reflected a decrease in the volume of both family and investment remittances. As regards investment remittances, involved provincial authorities attributed low receipts to certain reservations on the part of the overseas Chinese. Presumably, some of their reservations also generally applied to family remittances. If so, at least some provincial officials believed that the overseas Chinese were reluctant to remit funds because the guarantee of remittance protection was made by the provincial rather than the central government. The provincial guarantee had not been publicly supported

by the central authorities. Regardless of the intentions of the provincial government, the guarantee of remittance protection was more symbolic than real. The provincial decision was subject both to review at the provincial level and invalidation at the discretion of the responsible central authorities. Until such time as the central government recognised and legitimated the provincial decision, by entrenching it in a national level policy, the provincial authorities alone were responsible for its enforcement and termination.

Just prior to the opening of the enlarged OCAC conference in November 1953, Ku T'a-t'sun delivered a report to the 5th enlarged session of the 2nd Consultative Committee of the Kwangtung Provincial Conference of All-Circles.[125] Ku put forward in his report what was apparently the provincial position on overseas Chinese affairs. The position he presented probably reflected the one advocated by the Kwangtung component at the enlarged OCAC conferences in November 1953 and July 1954. Ku began by pointing out the numerical predominance of the Kwangtungese among the overseas Chinese and the substantial number of dependents inhabiting the province. He indicated that the central task of overseas Chinese affairs was mobilising, organising, and assisting the dependents to develop agricultural production. The provincial government had determined therefore to protect remittances. However, if the inflow of remittances was to be maintained at a high level, confidence apparently would have to be restored among the overseas Chinese through a display of the security, tolerance, and material well-being enjoyed by the domestic dependents.[126] Accordingly, Ku pointed out that it was essential to provide assistance to the

dependents, especially the returned and refugee overseas Chinese in finding employment, entering schools, and investing their capital in construction.[127] In this respect, confidence could be restored among the overseas Chinese and their dependents by promulgating, at the national level, a state policy of remittance protection.

Power Resources

The Kwangtung OCAC had several resources with which to influence decision-making in the central OCAC. Among the significant resources were provincial leadership support, absence of effective provincial Party control and hence weak opposition, provincial expertise in overseas Chinese affairs, and the concentration of dependents in Kwangtung. Each of these is considered in this section.

A resource of considerable value was the existence of support among the provincial leadership for more lenient treatment of the domestic dependents. Having committed Kwangtung to a program of local economic development, T'ao Chu and his associates had to rely primarily on local sources of investment funds. Consequently, the provincial leadership was inclined to favor proposals which generated local development capital, including remittance protection. T'ao was familiar with living conditions among the domestic dependents, and had personally overseen the land reform movement among them in Central Kwangtung.[128] This experience probably gave him an appreciation of the need to ensure that the dependents were protected from arbitrary infringements upon their remittances and other sources of income. In this regard, it is significant that T'ao favored more lenient treatment of the sources of income of domestic dependents in Kwangtung.

For example, addressing an enlarged conference of the South China Sub-bureau on October 20, 1952, T'ao noted that during the latest -- and most radical -- stage of land reform there had been serious deviations. In his view, "the most serious of these have been found in the task in calling in surplus grain stocks, in which we have not given adequate attention to the protection of industrialists and merchants and overseas Chinese [dependents]".[129] Moreover, T'ao pointed out that domestic dependent landlords were not to be coerced, as they apparently had been in the past, into requesting financial assistance from overseas to meet the levies against them in land reform. Evidently, T'ao and his associates recognised that the local development program could be jeopardised if remittance protection and similar special measures for the domestic dependents were not forthcoming. In fact, in 1956 T'ao Chu said that "with reference to overseas Chinese affairs work ... if this work was not done properly in Kwangtung, then all work in the province could not be said to have been done well."[130]

Parenthetically, T'ao's support for leniency toward the dependents had added significance due to his relationship with certain authorities in the national government. Originally directed to complete land reform in the province, T'ao Chu had arrived in Kwangtung with the personal support of Mao Tse-tung.[131] Mao's support presumably extended to T'ao's overall, general direction of the province. Considered a loyal and responsive leader, oriented toward the centre, T'ao was in a position to act more freely, less constrained by his previous decisions and unhampered by the consequences of openly disagreeing with his superiors.[132]

Another important resource was the absence of significant opposition to remittance protection in Kwangtung's Party apparatus. If the provincial Party apparatus had had the organisational strength, then a concern for the equitable distribution of wealth and opportunity in society would have been an important consideration.[133] Specifically, if dependents were allowed to keep and use their remittances, then they would enjoy a relatively better standard of living than did the general population. It was conceivable that the injection of ideological considerations would have moderated, perhaps to a significant degree, the emphasis placed on acquiring investment funds from remittance transactions. Conversely, the relative weight of basic economic interests would have been greater in the absence of a moderating Party influence on the involved groups.

Significantly, Party control in the Kwangtung government was very weak, and virtually absent in many key departments. Ou Meng-chueh, Vice-Director of the South China Sub-bureau's Organisation Department pointed out in September 1952 that in some departments of the Kwangtung government, Party members constituted only 6 to 10 per cent of the entire working personnel.[134] In addition, Party members in other departments were "backward in thought and faulty in their style of work", and in the remaining departments purges of Party members during the three anti-campaigns had left vacancies which remained to be staffed.[135] Both the inadequate number of Party members and their limited qualifications had resulted in a situation existing in government departments such that "the Party branches find it impossible to keep themselves in wide contact with the masses, and exert the necessary effects as

bastions of the Party".[136] A year later T'ao Chu admitted that Party work was still weak in the financial departments and those concerned with economic construction in general.[137] He warned that unless these departments received strong Party leadership they would come to disregard Party influence and eventually detach themselves completely from Party leadership. Specifically, the financial interests of economically oriented departments would take precedence over political work and promulgated policy.[138] Thus, the saliency of the interests of the bureaucratic groups in Kwangtung in part reflects the inability of the provincial Party organs to provide vigorous leadership over the government prior to 1954-1955. Consequently, the bureaucratic groups responsible for planning and executing the province's economic development plans were not concerned with the ideological implications of remittance protection. The involved groups did not view the question of remittance protection as being anything other than a basic economic matter. Thus, the economic interests of the provincial government departments, with respect to remittance protection, could be advanced to, and aggregated by, the Kwangtung OCAC without significant modification.

Third, the Kwangtung authorities possessed relevant information and experience in the area of overseas Chinese affairs. Because of the concentration of domestic dependents in the province, the Kwangtung OCAC had had considerable experience promoting overseas remittances. In the course of these efforts, the provincial OCAC had generated information which could be used to identify a more effective approach to the question of remittance promotion. For example, the results of

various preferential measures introduced by the provincial government after April 1953 would seem to be basic to any argument employed by the Kwangtung OCAC representatives if they were to establish remittance protection as a centrally sanctioned general policy. As an area in which to test the effects of remittance measures, Kwangtung was well suited to experimentation. The large population of domestic dependents, the traumatic experience of a radical land reform, and the associated contraction in remittances provided the elements necessary to evaluate the impact of various measures. The preferential measures implemented by the provincial government, including remittance protection, could be taken as a general and significant indicator of the efficacy of such an approach to promoting remittances, as well as political support and cooperation among the dependents. On this basis, provincial OCAC officials, by the time of the July 1954 OCAC conference, were in a position to argue that successful remittance promotion entailed a national level commitment to remittance protection.

Accepting the Kwangtung claim entailed no obvious costs which would have had to have been assumed by the central OCAC. Ultimately, it was at the basic level that remittance protection would succeed or fail, and at that level the Kwangtung OCAC would carry the burden of responsibility. Similarly, it was the Kwangtung government which would absorb the costs of processing and delivering remittances. In this sense, a national level decision on remittance protection was essentially a symbolic output. The central OCAC could have denied the need for a long-term commitment to remittance protection. However, if the Kwangtung authorities were correct, and the central OCAC refused

to support a policy of remittance protection, then the provincial economy, partially dependent upon remittances, would have been in a potentially serious situation.

Finally, the Kwangtung interest groups had a fundamental fact working in their favor: the domestic dependents are overwhelmingly concentrated in Kwangtung. In an important sense, the central OCAC was a national commission in name only, because the central OCAC was strongly oriented toward the concerns expressed by the provincial authorities in South China. This concentration upon a single region was due to the fact that 65 per cent of the overseas Chinese originated in Kwangtung and 30 per cent in Fukien. If the demands expressed by the Kwangtung and Fukien authorities had not been acted upon, then the central OCAC would have been ignoring its primary task environment. If overseas Chinese affairs work in these provinces had been neglected, the OCAC bureaucracy would have ground to a virtual halt. Though Fukienese interests in overseas Chinese affairs were not insignificant, it largely fell to the Kwangtung OCAC to aggregate and represent the interests of the majority of the domestic dependents in China, the governmental groups implicated in overseas Chinese affairs, and, to some extent, the overseas Chinese themselves. Thus, the fact that Kwangtung was the home province of the majority of overseas Chinese and their dependents suggests that the views of Kwangtung officials with respect to all aspects of overseas Chinese policy were not taken lightly by central OCAC decision-makers. That this was the case can be illustrated by examining Kwangtung's access to the central OCAC.

Access

Because the domestic dependents were so heavily concentrated in Kwangtung, one would expect that fact to be reflected in access to the central OCAC. In this section evidence of organisational access and overlapping memberships is discussed, In addition, related supporting evidence bearing on Kwangtung's influence in the OCAC is considered.

Organisational Access

The provincial level branches of the OCAC were responsible for the direction of all overseas Chinese affairs work in a province.[139] This suggests that with respect to overseas Chinese affairs work, the Kwangtung provincial OCAC was the key centre of interest aggregation for subprovincial bureaucratic groups, involved bureaucratic groups at the provincial level, and for concerned societal groups in the province at large. If so, the provincial branch was a principal source of interest articulation to the central OCAC.[140]

Organisational access to the central OCAC was biased toward Kwangtung and Fukien prior to 1955. Before 1955, provincial level branches of the OCAC had been established only in Kwangtung and Fukien. Provinces with substantially smaller populations of dependents did not establish OCAC branches until 1955 or later.[141] Provinces with smaller dependent populations may have had an interest in remittance protection, but the absence of provincial level OCAC branches suggests that overseas Chinese affairs was not a priority in such provinces at the time of the 1955 decision. On organisational grounds, therefore, the chief subnational input to the 1955 remittance policy would have originated with the Kwangtung and Fukien OCAC branches.

The organisational access possessed by Kwangtung and Fukien was bolstered in two significant ways. First, in recruiting cadres the central OCAC preferred Kwangtung natives. This enhanced the central OCAC's orientation toward the province. As a result, the dominance of Kwangtung natives in the central OCAC was ensured and perpetuated. Of the 50 members appointed to the 1st OCAC, 19 (38%) were identified by their province of origin. Kwangtung natives accounted for 57.9% of these; Fukien natives accounted for 31.6%; only 10.5% were natives of other provinces. Thus, Kwangtung and Fukien natives accounted for nearly 90% of the members who were identified in the 1st OCAC.[142] The dominance of Kwangtung natives also is reflected in criticism of the OCAC which occurred during the Cultural Revolution. In 1967, revolutionary rebels in the OCAC criticised Fang Fang, Vice-Chairman of the central OCAC, and a native and former Vice-Chairman of Kwangtung. In particular, Fang Fang was criticised for appointing only his relatives to OCAC positions, for turning the OCAC into his own "independent kingdom", and, hence, for determining OCAC policies.[143] The dominance of Kwangtung natives in the OCAC increased the likelihood that decisions taken by the organisation would be compatible with relevant provincial interests.

In addition to selective provincial recruitment, Kwangtung and Fukien were favored as locales for giving OCAC leadership cadres practical experience in overseas Chinese affairs work. This is indicated in two ways. First, OCAC work conferences were held in Kwangtung and Fukien rather than in Peking.[144] This put a premium on policy proposals which had been generated on the basis of actual experience in

these provinces.[145] Second, before 1958, investigation teams composed of leading members of the central OCAC made periodic visits to these provinces. Beginning in 1958, these inspections were institutionalised. Leadership cadres in the central OCAC with the rank of department head and above rotated each year between the central OCAC and the provincial OCAC organisations in Kwangtung and Fukien.[146] As a result, leadership cadres in the central OCAC became acquainted with their counterparts in Kwangtung and Fukien, and deepened their understanding of provincial OCAC interests in these two jurisdictions. As indicated earlier, to the extent that the OCAC leadership was influenced by a perspective other than a national one, that perspective reflected conditions which existed chiefly in Kwangtung and Fukien.

Overlapping Membership

Of the 50 members appointed to the 1st OCAC, 14 (28%) who held concurrent posts at the subnational level were identified by name and position. The distribution of overlapping memberships at the subnational level for the identified OCAC members was: Kwangtung, 35.7%; Fukien, 14.3%; and other areas, 50%. Reflecting the findings concerning native province, 7 of 14 identified held concurrent memberships in Kwangtung and Fukien.[147]

Apart from having substantial numerical representation in the 1st OCAC, the members from Kwangtung held senior-level positions in provincial groups which had an interest in remittances. Represented in the 1st OCAC were: the principal overseas Chinese investment companies in Kwangtung, at the provincial and municipal levels; the provincial, municipal, and district level Returned Overseas Chinese

Associations (ROCA's);[148] and the Canton Federation of Industry and Commerce.[149] Finally, the Kwangtung members of the 1st OCAC with overlapping memberships in economic interest groups were also members of the Kwangtung OCAC branches at the provincial, municipal, and district levels.[150] It may be assumed that the other, unidentified Kwangtung representatives in the central OCAC also had similar overlapping memberships in provincial groups with specific fields of interest.[151] It should be noted that the interests represented by these overlapping memberships were not functionally incompatible, but tended to be highly complementary and convergent in the context of the question of remittances. This characteristic of the overlapping memberships tended to enhance the possibility of successfully influencing decision-making.

Parenthetically, the variety of groups with access to the decision-making centre was replicated in the provincial level OCAC and its lower level branches. For example, Teng Wen-chao was not only a member of the Kwangtung OCAC, but was also Chairman of the South China Enterprise Company, and Deputy Director of the Kwangtung Trade and Commercial Departments. Wang Yuan-hsing, Deputy Director of the Canton Overseas Chinese Affairs Bureau, was General Manager of the Kwangtung Overseas Chinese Industrial Construction Company, and a leading member of the Canton ROCA. Wang was also appointed to the 2nd OCAC in 1957.[152] Thus, key provincial groups with an interest in remittances had access to the provincial OCAC. Through the shared membership mechanism, they also had access to the authoritative decision-making centre in the central OCAC, which provided an opportunity to influence policy formulation.

Interests, Access and Policy

The analysis of access indicates that Kwangtung was well represented in the 1st OCAC. However, even with its apparent numerical superiority, the support of representatives from other provinces probably would be necessary in order to shape policy formulation successfully. By virtue of its significant representation, the most likely provincial ally was Fukien. If the interests of both provinces were compatible, then the Kwangtungese and Fukienese representatives could dominate policy deliberations and thus influence the OCAC toward a decision favorable to their common interests.

There can be no doubt that with respect to the remittance issue, Fukien shared Kwangtung's interest in remittance protection. As in Kwangtung, any decline in remittances to Fukien had automatic repercussions throughout the provincial economy.[153] To organise and promote remittances, the Fukien government set up an office in charge of organising the Fukien Investment Company on December 15, 1951. Preparations were made by the provincial government in conjunction with industrialists and merchants in Fukien and overseas. Aimed at acquiring capital for the establishment of new enterprises and the rehabilitation of existing ones, the Fukien Investment Company was capitalised by the provincial government (30%) and private investors (70%). By the time the Investment Company was officially opened for business on July 20, 1952, the Fukien government had promulgated preferential measures in respect to overseas investment remittances.[154]

Not only were remittances an interest shared by Kwangtung and Fukien, but the Kwangtung and Fukien authorities also had the means to

exchange views and determine a joint position on the issue. Concerning inter-provincial cooperation, Fitzgerald points out that "on particular problems which require coordinated planning, like resettlement, they occasionally hold inter-provincial conferences; and between the provincial committees in Kwangtung and Fukien at least there appears to have been a formal channel for regular consultation."[155] In addition, inter-provincial access may have furthered discussion and determination of joint action in the OCAC to promote regional interests. In this regard, it is noteworthy that some inter-provincial efforts apparently were directed at promoting remittances. Huang Chang-shui, Vice-Mayor of Canton, was involved in the efforts of Kwangtung and Fukien to establish investment companies and enterprises with overseas Chinese financing. For example, in the early 1950's, Huang was Chairman of the Boards of Directors of both the Canton and the Fukien Overseas Chinese Investment Companies.[156]

The evidence suggests that remittances and efforts to protect them were a matter of concern in both Kwangtung and Fukien. It could be expected that, in the OCAC, the representatives of these two provinces would act in concert when the issue was raised. The analysis of access indicates that if these two provinces formed an inter-provincial coalition within the central OCAC, then they could dominate policy deliberations and have a significant influence on the decision eventually taken.

On questions of overseas Chinese policy, the interests and priorities of Kwangtung and Fukien were not necessarily the same as those held by other areas. To the extent that conflicting provincial

interests and priorities vied for the attention and resources of the OCAC, the exercise of political influence within the OCAC determined which interests were accommodated in policy outputs. If Kwangtung and Fukien had exercised an important influence on OCAC decisions, then their interests would have been accommodated to a far greater extent than those of other areas. Consequently, those who had not been as effective in shaping policy to meet their particular interests would have had reason to protest strongly the influence of Kwangtung and Fukien in the OCAC. There is, in fact, evidence to suggest that the dominance of Kwangtung and Fukien in the OCAC had important policy consequences. At the First Plenary Session of the 2nd OCAC held in Peking in November, 1957, Meng Fang-chun, Director of the Office of Overseas Chinese Affairs in Shanghai, "criticised the Overseas Chinese Affairs Commission for overemphasizing overseas Chinese work in the important overseas Chinese districts in Kwangtung and Fukien and neglecting or paying little attention to other provinces and municipalities with a fewer number of returned overseas Chinese. He demanded that this attitude be changed."[157]

Even though areas with smaller populations of dependents were dissatisfied with the predominance of Kwangtung and Fukien in the central OCAC, the evidence suggests that the OCAC continued to stress the interests of the latter two provinces. Compared to their representation in the 1st OCAC, in which Kwangtung and Fukien held about 50% of the seats, that in the 3rd OCAC appointed ten years later was virtually unchanged. Appointed in 1959, membership in the 3rd OCAC revealed an apparent deterioration in the majority position of Kwangtung

members (34.4%), and a slight increase of Fukien members (17.2%). Although the redistribution of OCAC seats may have reduced Kwangtung's direction and control of deliberations to some extent, Kwangtung and Fukien members continued to be predominant in the organisation, compared to the representation given to other areas. This assured that serious consideration would continue to be given to the interests of Kwangtung and Fukien.[158]

Moreover, it is noteworthy that at least some central OCAC members were predisposed to support the advocates of remittance protection. Specifically, a number of members in the central OCAC were sponsors and may have been shareholders in certain investment companies and enterprises which relied upon overseas remittances. For example, the New Overseas Chinese Development Company, later renamed the South China Enterprise Company, began soliciting investments from overseas in early 1951.[159] Initially, the company concerned itself with the real estate and hotel business.[160] In October 1951, Teng Wen-chao, Chairman of the Board of Directors of the South China Enterprise Company, as well as being Deputy Director of the Kwangtung Trade and Commercial Departments, and some associates journeyed to Peking seeking financial support for one of the company's earliest projects, building a large hotel in Peking.[161] In addition to the money raised among the Hong Kong and Macau Chinese, Teng was able to persuade certain Peking municipal and central government organisations to invest in the project.[162] The central OCAC helped the company acquire the building site in Peking.

Whether the central OCAC invested in the business is not clear, but at least five members of the OCAC were made sponsors of the

project.[163] Of a total of 14 sponsors, 10 were identified by their native province. Five of the 10 were natives of Kwangtung, and 2 were natives of Fukien. Of the 5 sponsors who were also OCAC members, 3 were Kwangtung natives and 2 were Fukienese. Of these same 5, 2 had overlapping memberships in Kwangtung.[164] Whether the sponsors had a personal financial stake in the company, as shareholders, is not directly supported by the evidence available. However, by virtue of their direct involvement in a project undertaken by a company which solicited funds from overseas, the concerned OCAC members probably were influenced more easily by proposals to protect remittances.

In short, the available evidence clearly suggests that Kwangtung and Fukien pressed their numerical advantage within the central OCAC in order to shape decision-making on remittances in directions favorable to their interests.

The Kwangtung Overseas Chinese Investment Company and the Preferential Treatment of Investment Remittances

That Kwangtung did shape remittance policy, probably in conjunction with the Fukienese, is bolstered further by evidence of policy developments after the remittance protection decision was promulgated in February, 1955.

With respect to investment, the 1955 policy did not address the question of financial terms and conditions. Only the fourth provision made explicit reference to investing remittances in production enterprises and state investment companies. The national policy went no further than to "encourage" investment and appeal to local administrative organs to "give [overseas Chinese and their dependents] facilities"

to do so.[165] Thus, investments were encouraged, but no guarantees were made in respect to them.

Immediately prior to the promulgation of the remittance protection policy, the Kwangtung authorities announced two decisions regarding overseas investment in the province. Speaking at the 2nd Session of the 1st Kwangtung People's Congress in early February 1955, Yi Mei-hou, a member of the Kwangtung government, reviewed the province's work in respect to overseas Chinese affairs.[166] Yi pointed out that in 1954 the provincial government had been involved in "great efforts ... to facilitate overseas Chinese remittances, to serve the overseas Chinese and to protect the right of owning and making free use of remittances."[167] In order to build on these efforts, Yi announced that the Kwangtung authorities had established a Steering Committee for Guiding Overseas Chinese Investments. The committee was responsible for organising an overseas Chinese investment company in the South China region in order "to give intensified guidance to overseas Chinese investment."[168]

Indicating that a decision also had been made concerning overseas investment in the province, it was noted elsewhere that "it is believed that after these measures are vigorously implemented, Kwangtung will meet with even greater development in overseas Chinese work."[169] A week later, the provincial government announced that it had adopted measures giving preferential treatment to overseas Chinese investments.[170]

Both the provincial investment measures and the decision to organise a new investment company were approved by the central

government. Specifically, they met with the approval of the South China Sub-Bureau of the CCP, acting on behalf of the central government. These decisions probably were given approval by the South China Sub-committee on Financial and Economic Affairs. If so, approval of these measures was fostered by provincial access to the subcommittee, and the predominance of Kwangtung members on that subcommittee. It is known, for example, that in 1951 the South China Subcommittee on Financial and Economic Affairs consisted of eleven members, of which nine represented various economic interests in Kwangtung.[171]

By March 1955, the Kwangtung government had completed the initial phase of organising a new investment company. The work had proceeded quickly because the effort entailed the amalgamation of three existing companies, instead of the establishment of a wholly new company.[172] Huang Chieh, Chairman of the Board of Directors of the Kwangtung Overseas Chinese Industrial Construction Company, at a shareholders meeting in Canton, indicated that the provincial investment policy applied to the newly established company.[173] Huang Chang-shui, Chairman of the Board of Directors of the newly established Kwangtung Overseas Chinese Investment Company, in announcing the issuing of additional shares for sale in April 1956, reiterated that the government's policy "to extend preferential treatment to overseas Chinese investments will remain a consistent and longterm policy."[174]

Evidently, the provincial authorities believed that a provincial policy of preferential treatment of investments would succeed even though a provincial policy of remittance protection had been ineffective in the past. There were significant shortcomings in the provincial

measures to extend preferential treatment to overseas investments. According to Hsu Sheng-chou, President of the Kwangtung Overseas Chinese Investment Company, the provincial government's measures, while meeting with some success, did not result in the degree of confidence and, hence, investment sought from the overseas Chinese.[175] Hsu pointed out that the Kwangtung measures lacked specificity in certain respects which had discouraged potential overseas Chinese investors. Two shortcomings in particular seem to have been responsible. First, investors were not informed of the terms and conditions of investment. They had been told that their investment funds could be withdrawn after the completion of socialist construction. However, no indication was given concerning when socialist construction would be deemed completed. Nor were overseas investors told how funds were to be returned to them.[176] Second, investors were not told if, how, and what portion of interest and dividends could be withdrawn from China. It was entirely possible that interest and dividends would accumulate in China, but could not be touched by the investor abroad. According to Hsu, this was unsatisfactory to "individual investors who actually need to receive abroad part of the dividends earned on their investments at home."[177] Until the provisions were clarified, the fact that they constituted a "consistent and long term policy" of the provincial government was a moot point in investors' minds.

Because the Kwangtung measures were open to a variety of conflicting interpretations, overseas investors did not respond as had been hoped. Table 13 indicates the level of overseas investment in Kwangtung after the provincial measures were implemented. Compared

with 1955, overseas investment in 1956 increased 32 per cent. However, this exaggerates the investment from abroad, as opposed to investment by the domestic dependents. Table 14 shows that the Kwangtung Investment Company acquired investment funds over and above those remitted from abroad. In other words, the difference was obtained in China, most likely from the Kwangtung dependents of overseas Chinese. Assuming the additional funding came from the dependents, Table 15 indicates that the Kwangtung measures were not as successful in attracting overseas investments as the absolute increase in overseas funding suggests. It seems that it was the dependents in the home districts who were taking advantage of Kwangtung's investment policy, at least after 1955. By 1957, the dependents accounted for more than one-third of the investment capital acquired by the Kwangtung Investment Company. With a drop of 14% in investment from overseas between 1955 and 1956, it does appear that Hsu Sheng-chou was correct in saying that the overseas Chinese had misgivings regarding the provincial policy. From the perspective of late 1956, the Kwangtung authorities would have been justified in seeking a decision which might solve the problem of promoting overseas investment. The Kwangtung authorities may not have been authorised to make guarantees to investors with respect to transferring abroad funds earned in China. The central authorities may have had exclusive control over this type of financial transaction.[178] If so, a decision at the central level would have been necessary.

TABLE 13. INVESTMENT REMITTANCES TO KWANGTUNG FROM OVERSEAS CHINESE, 1955-1959 (millions of U.S. $)

1955	1956	1957	1958	1959
5.84	7.71	6.76	4.24	4.07

Source: Mah Feng-hwa, The Foreign Trade of Mainland China, (Chicago: Aldine and Atherton, Inc., 1971), p. 241.

Note: Investment remittances have been converted to U.S. $ from yuan totals.. Yuan totals converted at the official exchange rate of 2.355 yuan per dollar, as provided by Mah.

TABLE 14. INVESTMENT FUNDS ACQUIRED BY THE KWANGTUNG OVERSEAS CHINESE INVESTMENT COMPANY, 1955-1960 (millions of U.S. $)

1955	1956	1957	1958	1959	1960
5.84	8.97	9.97	13.80	16.56	18.38

Source: Chun-hsi Wu, Dollars, Dependents and Dogma (Stanford: The Hoover Institution, 1967), p. 57.

Note: Wu's yuan totals have been converted to U.S. $ at the exchange rate of 2.355 yuan per dollar.

TABLE 15. SOURCES OF INVESTMENT IN THE KWANGTUNG INVESTMENT COMPANY, 1955-1959
(U.S. $)

Year	Overseas Chinese Investment	Domestic Dependent Investment	Total Investment in Kwangtung Investment Co.	Overseas Investment as % of total
1955	5,840,000	2,887	5,842,887	99.9
1956	7,710,000	1,264,522	8,974,522	85.9
1957	6,670,000	3,218,769	9,978,769	67.7
1958	4,240,000	9,560,424	13,800,424	30.7
1959	4,070,000	12,490,509	16,560,509	24.5

Source: Tables 2 and 3.

The opportunity for the Kwangtung OCAC to present a new policy proposal arose when the central OCAC called for a session in June 1956. At the 4th Plenary Session of the 1st OCAC held in June 1956, it was decided that overseas Chinese investment companies would be transformed from public-private jointly operated enterprises into wholly state owned companies. To assist in the transformation, the meeting further decided to establish a head office for the various investment companies.[179] Available evidence suggests that it was at this session of the OCAC that a decision was taken on the preferential treatment of overseas investments. On March 16, 1957, OCAC Vice-Chairman Fang Fang, formerly Vice-Chairman of Kwangtung, delivered a report on overseas Chinese affairs to the 3rd Session of the 2nd Chinese People's Political Consultative Conference (CPPCC).[180] Fang Fang reported that

the OCAC had submitted a proposal to the State Council for the "establishment of an investment head office for the purpose of strengthening the leadership over overseas Chinese investment throughout the country."[181] Significantly, he went on to report that "we have submitted to the State Council for ratification a draft set of measures on preferential treatment for overseas Chinese investing in state-operated overseas Chinese investment companies."[182] This suggests that the OCAC conference had been the source of basic decision-making on policy content. As had been the case with the 1955 remittance policy, the actual preparation of OCAC proposals submitted to the State Council was based on discussions and decisions taken at the plenary session. Given the relationship between both of the OCAC investment proposals referred to by Fang Fang, it can be inferred that the 4th Plenary Session of the 1st OCAC had made determinations with respect to the preferential treatment of overseas investments. The State Council evidently examined OCAC draft proposals, measures, and recommendations, and acted as legitimator for what were essentially OCAC decisions. Thus, the OCAC prepared and presented policy proposals, and the State Council formally approved and promulgated an OCAC decision as state policy.

On August 1, 1957 the Standing Committee of the National People's Congress ratified a set of measures granting preferential treatment of overseas remittances.[183] The measures were promulgated by the State Council on August 2.[184]

It is worthwhile to compare Kwangtung's 1955 investment policy with that promulgated by the State Council in 1957. The provisions of

each are summarised in Table 16. The measures adopted in 1957 as state policy correspond so closely to the previously promulgated Kwangtung measures that it can be hypothesised that the latter were a prototype for the former. Where the Kwangtung measures had authorised the retention of private shares during the period of socialism, the central measures extended retention to the period beyond socialist construction thereby assuring investors that their investments were to remain secure. In both cases the dividend was guaranteed at eight per cent per annum; the central measures further provided for up to 50 per cent of the dividends per annum to be sent abroad to the investors at their request. Both documents included provisions for priority treatment to investors with the appropriate training who were seeking employment in China. In addition, the provincial and central measures explicitly applied to the Chinese residing in Hong Kong and Macau; this provision was most appropriate for Kwangtung insomuch as most of the Hong Kong and Macau Chinese originated in Kwangtung.[185]

Since the measures promulgated by the State Council in 1957 were modeled on those adopted in Kwangtung in 1955, it may be inferred that the Kwangtung OCAC had been a leading force in shaping the central level measures, beginning with discussions held at the 4th Plenary Session of the 1st OCAC in June 1956. The evidence regarding both Kwangtung's interest in overseas investment and its access to the central OCAC make it unlikely that the correspondence between the provincial and central measures was anything other than the visible imprint resulting from the exercise of Kwangtung's influence on OCAC policy formulation.

TABLE 16. PROVISIONS OF THE KWANGTUNG AND NATIONAL INVESTMENT REMITTANCE POLICIES

Kwangtung Investment Policy, 1955	State Council Investment Policy, 1957
1. Private investors in public-private enterprises retain ownership of shares during the period of socialism; capital invested to be treated as legitimate means of livelihood.	1. Share capital of private investors in overseas Chinese investment companies will still be owned by the investors after completion of socialist construction. After 12 years, investments may be withdrawn.
2. Guaranteed 8% dividend per annum. Year-end bonus dividends distributed if a surplus remains after payment of dividends, taxes, and transfers to general reserve and welfare funds, according to regulations.	2. 8% per annum dividend on share capital invested by overseas Chinese.
3. Original social status in foreign countries of residence of overseas investors will be taken as their present class status.	3. Up to 50% of the annual dividend may be remitted to foreign countries with approval of foreign exchange control organ.
4. Investors with technical abilities who have difficulty getting employment will be given consideration and provided with employment.	4. Investors seeking employment may be given priority according to needs of relevant enterprises under the overseas Chinese investment companies, and the specific conditions of the investors.
5. Measures to apply to overseas Chinese and those residing in Hongkong and Macau.	5. Measure to apply to Hongkong and Macau Chinese investors.

Finally, it should be noted that it could be a mistake to regard the Kwangtung groups involved as the only ones demanding a positive policy on remittances and investments. It will be recalled, for example, that Fukien had introduced preferential measures for overseas investments in 1952. The Fukienese groups presumably recognised the value of the legitimation of such measures at the highest decision-making level. It may be assumed therefore, that groups in Fukien were also active in pressing for the adoption of preferential measures for overseas remittances, as well as the policy of remittance protection.

Conclusion

In sum, overseas remittances were an important source of funds for provincial economic development. With limited central government investment directed to Kwangtung, a variety of provincial groups had interests at stake in the remittance issue. The overseas Chinese did not respond positively to provincial efforts to promote remittances. These circumstances led the provincial authorities to seek a national decision on remittance protection. The weight of Kwangtung interests was brought to bear on the formulation of a national remittance policy in the central OCAC. The ability of Kwangtung province to shape OCAC policy also was examined in the 1957 decision to give preferential treatment to overseas Chinese investment.

The main finding is that the Kwangtung authorities were able to advance provincial interests successfully during the formulation of OCAC policy in 1955 and 1957. This is interesting because political authority was more centralised in the 1950's than at any other time since 1949. This suggests that the distribution of power between the

centre and the provinces in particular issue-areas has had more important implications for policy outputs than the overall balance of power would indicate. It can be expected, therefore, that an empirical assessment of the power distribution in several different issue-areas would identify interesting variations within issue-areas over time, and between issue-areas in a given period. Obviously, this would allow more precise statements to be made concerning the relationship between fluctuations in the distribution of power and changes in policy.

Overseas Chinese remittances have continued to flow into China since the remittance and investment decisions were taken in the 1950's. In the early 1960's, the central OCAC again addressed the question of family and investment remittances. Under the investment measures promulgated in 1957, investors were allowed to withdraw their capital after twelve years had elapsed. To encourage investors not to withdraw their capital, new measures were issued in 1963.[186] In 1964, OCAC Vice-Chairman Fang Fang affirmed that the national policy of remittance protection would be maintained.[187]

The OCAC organisation apparatus was paralysed temporarily during the Cultural Revolution.[188] It was operating along with other government institutions in the early 1970's.[189]

FOOTNOTES TO CHAPTER IV

1. Stephen Fitzgerald, China and the Overseas Chinese: A Study of Peking's Changing Policy, 1949-1970, (Cambridge: Cambridge University Press, 1972), pp. 52-53.

2. Chun-hsi Wu, Dollars, Dependents and Dogma: Overseas Chinese Remittances to Communist China (Stanford: The Hoover Institution, 1967), p. 142.

3. Ibid., p. 15.

4. Ibid., p. 22.

5. Audrey Donnithorne, "Recent Economic Developments," China Quarterly, No. 60, December 1974, p. 773.

6. For example, Survey of the China Mainland Press (hereafter SCMP) 403, August 19, 1952, p. 17 indicates that the Shanghai Foreign Trade Control Bureau authorised the allocation of foreign exchange to stimulate growth in the import-export business.

7. A. Doak Barnett, Communist China and Asia: A Challenge to American Policy, (New York: Alfred A. Knopf and Random House, 1961), p. 196.

8. Fitzgerald, China and the Overseas Chinese..., p. 122.

9. Ibid., p. 54. Also see, Wu, Dollars, Dependents and Dogma..., pp. 40-41.

10. Ibid., p. 54.

11. Ibid., p. 54.

12. Ibid., p. 225 note 3.

13. SCMP 40, January 2, 1951, pp. 13-14.

14. Wu, Dollars, Dependents and Dogma..., p. 41.

15. SCMP 133, July 11, 1951, pp. 7-8.

16. Wu, Dollars, Dependents and Dogma..., p. 41.

17. SCMP 254, January 13, 1952, p. 13. Ho asked the domestic dependents to invest, for example, in the sugar, mining, rubber, and communications enterprises as well as agricultural and handicraft enterprises.

18. This document can be found in Wu, Dollars, Dependents and Dogma..., pp. 176-177.

19. Fitzgerald, China and the Overseas Chinese..., p. 236 note 3. Also see SCMP 693, November 22, 1953, pp. 25-26.

20. Ibid., p. 236 note 3.

21. Ibid., p. 226 note 20. In addition to remittances, other proposals concerned donations to public works, and the use of state owned wastelands by overseas Chinese.

22. Ibid., p. 59.

23. Wu, Dollars, Dependents and Dogma..., pp. 176-177.

24. Ibid., p. 177. On the basis of the principle of "complete voluntariness", "no individuals or bodies may compel dependents ... to lend them money, may withhold payment of remittances ..., may arbitrarily check remittances or encroach upon remittances ... on any pretext." Deliberate appropriation, embezzlement, theft, and blackmail were cited as punishable offenses.

25. For text, see Wu, Dollars, Dependents and Dogma..., p. 181.

26. Fitzgerald, China and the Overseas Chinese..., p. 16.

27. Ibid., pp. 15-16.

28. Ibid., p. 18.

29. Including the State Council Staff Office of Foreign Affairs and the Foreign Ministry. Ibid., p. 15.

30. Ibid., p. 18.

31. Ibid., p. 25.

32. Ibid., p. 25.

33. Ibid., p. 218 note 47.

34. Ibid., p. 26.

35. Ibid., p. 218 note 52.

36. Ibid., pp. 28-30.

37. Ibid., p. 29.

38. Ibid., p. 3.

39. Wu, Dollars, Dependents and Dogma..., p. 16.

40. Fitzgerald, China and the Overseas Chinese..., p. 212 note 18.

41. Current Background (hereafter CB) 51, October 8, 1950, p. 6. Fang Fang, Vice-Chairman of Kwangtung, pointed out that the "overseas Chinese community in Kwangtung ... constitutes about 20 per cent of the province's population of 30,000,000: that is to say, there is one overseas Chinese in every five persons of Kwangtung. If their family members are also included, their proportionate share of the population will be much larger." In other words, including the dependents' families, more than 20 per cent of the Kwangtung population was related to the overseas Chinese.

42. SCMP 1142, October 2, 1955, p. 19. Also see Extracts from China Mainland Magazines (hereafter ECMM) 110, September 20, 1957, "Some Major Problems Among Overseas Chinese Dependents," p. 14 which notes that one-third of overseas dependents had access to large amounts of remittances. The other two-thirds did not receive regular remittances, had only small remittances, or did not receive any at all. Chen Chi-yu, Chairman of the China Chih Kung Tang, an overseas Chinese organisation, stated that most of the dependents received each year a definite amount of remittances. SCMP 1216, January 1, 1956, p. 27. It therefore appears that most domestic dependents received some sort of remittances.

43. Based on calculations from data in Wu, Dollars, Dependents and Dogma..., p. 142.

44. CB 467, July 15, 1957, p. 19. Fitzgerald, China and the Overseas Chinese..., p. 125 mentions that overseas Chinese investment in 1956 "was reported to have accounted for 10 per cent of the total local industrial investment in the two provinces [Kwangtung and Fukien]...." On the same page, Fitzgerald indicates the significance of remittances to the Kwangtung economy in particular: "In 1957, the Kwangtung ROCA, in an open letter to all Overseas Chinese Affairs organisations in the province, stated that illegal remittances had reached such a scale that losses were being suffered in state economic construction."

45. A. Doak Barnett, Communist China and Asia..., p. 186.

46. Ezra F. Vogel, Canton Under Communism: Programs and Politics in a Provincial Capital, 1949-1968, (Cambridge: Harvard University Press, 1969), p. 240.

47. SCMP 427, September 10, 1952, p. 27.

48. Chu held, for example, the chair of the Municipal Government's Financial and Economic Committee, and of the Preparatory Committee of the Canton Investment Company. In addition, he was a Vice-

Mayor of Canton. See Union Research Institute, Who's Who in Communist China, (Hong Kong: Union Press Limited, 1969), vol. I, p. 186.

49. SCMP 484, December 30, 1952, p. 33.

50. Local industrial construction was Canton's pivotal task for 1954. See SCMP 682, November 2, 1953.

51. Vogel, Canton Under Communism..., pp. 130-131. Generally speaking, the coastal location of the province precluded the possibility of priority economic construction.

52. Ibid., p. 130.

53. Ibid., pp. 116, 119, 122.

54. SCMP 703, October 31, 1953, p. x. Emphasis added.

55. Ibid., p. x.

56. Nicholas R. Lardy, Economic Growth and Distribution in China, (Cambridge: Cambridge University Press, 1978), p. 73.

57. SCMP 679, September 24, 1953, pp. 17-20. Also see SCMP 507, February 2, 1953, pp. 4-6.

58. SCMP 91, April 5, 1951, p. 17.

59. Ibid., p. 17.

60. Ibid., p. 16. For related information, see SCMP 91, April 4, 1951, pp. 13, 18; SCMP 91, April 6, 1951, pp. 21-22.

61. Vogel, Canton Under Communism..., p. 77.

62. SCMP 703, October 31, 1953, pp. x, xvi.

63. SCMP 556, May 4, 1953, p. 25.

64. SCMP 668, October 12, 1953, pp. 21-22; SCMP 668, October 13, 1953, p. 22.

65. SCMP 1014, March 24, 1955, p. 6; SCMP 1014, March 24, 1955, p. 9. The overlapping responsibilities and lack of integrated operations on the part of these companies led to a merger of the three in 1955, forming the Kwangtung Overseas Chinese Investment Company. See SCMP 1304, May 22, 1956, p. 26.

66. SCMP 439, October 22, 1952, p. 22.

67. Lu Yu-sun, Programs of Communist China for Overseas Chinese, (Hong Kong: The Union Research Institute, 1956), p. 61.

68. SCMP 1041, April 30, 1955, pp. 18-19; SCMP 245, December 22, 1951, p. 22.

69. SCMP 245, December 22, 1951, pp. 22-24.

70. Ibid., p. 22.

71. SCMP 1156, October 5, 1955, p. 26.

72. SCMP 565, May 4, 1953, p. 25.

73. Lu, Programs of Communist China..., p. 49, 66.

74. In order to promote economic development in the home districts a major road construction effort was undertaken in the domestic overseas Chinese areas of the province. See SCMP 440, October 25, 1952, p. 42.

75. SCMP 245, December 22, 1951, p. 25; SCMP 565, May 4, 1953, p. 25.

76. For example, see Lu, Programs of Communist China..., p. 68, citing a UP report of November 13, 1951.

77. Fitzgerald, China and the Overseas Chinese..., pp. 56, 122.

78. The financial decline amounted to U.S. $12.2 million less than the 1951 volume, and U.S. $16.8 less than the 1950 volume. See Wu, Dollars, Dependents and Dogma..., p. 142.

79. A similar problem, the receipt of remittances through illegal channels, was identified in 1957 and was regarded as being so widespread that losses were being experienced in economic construction in Kwangtung. See Fitzgerald, China and the Overseas Chinese..., p. 124.

80. SCMP 307, March 28, 1952, p. 16.

81. Fitzgerald, China and the Overseas Chinese..., p. 57.

82. SCMP 461, October 2, 1952, p. 25.

83. Calculated from data in Ibid., p. 25.

84. Ibid., p. 27.

85. Ibid., pp. 25-26.

86. Ibid., pp. 26-27.

87. Ibid., p. 24.

88. Fitzgerald, China and the Overseas Chinese..., p. 132, passim.

89. SCMP 2819, August 7, 1962, p. 13.

90. Ibid., p. 13.

91. Ibid., p. 13.

92. Ibid., p. 13. Fitzgerald, China and the Overseas Chinese..., p. 125 notes that in neighboring Fukien province "... 23 per cent of all middle school students ... were enrolled in schools established with overseas Chinese capital" in 1956.

93. Fitzgerald, China and the Overseas Chinese..., pp. 131-132.

94. Ibid., p. 129.

95. For example, during the first seven years of the regime, the annual average number of students returning to China for educational purposes was 6,000. Ibid., p. 128. Also see SCMP 92, April 7, 1951, pp. 28-29. Between November 1950 and September 1951, Kwangtung received only 2,011 overseas Chinese students, or 33.5 per cent of the annual average for 1949-1955. CB 124, "Report on the Work of the Kwangtung Government During the Past Ten Months," by Ku Ta-ts'un, September 15, 1951. According to SCMP 907, October 13, 1954, p. 42, in the first five years of the regime 45,000 students returned to China. If so, Kwangtung obviously received an even smaller proportion.

96. Of the 2,011 overseas Chinese students who returned to attend schools in Kwangtung during 1950-51, only 44 per cent were admitted to regular educational institutions. The remainder were sent to cadre institutes and cadre training classes. Ibid.

97. Fitzgerald, China and the Overseas Chinese..., p. 129.

98. SCMP 461, October 2, 1952, p. 26.

99. SCMP 153, July 18, 1951, pp. 25-26.

100. SCMP 175, September 14, 1951, p. 16.

101. Ibid., p. 16.

102. SCMP 153, July 15, 1951, p. 26.

103. Lu, Programs of Communist China..., p. 52. Also see SCMP 619, July 26, 1953, pp. 19-20. In conjunction with this admittedly modest effort, the two groups were active in promoting investment in the provincial educational system among overseas Chinese missions visiting the province. Some of the visiting missions evidently focused specifically on the educational facilities available to the domestic dependents. For example, a Burmese overseas Chinese mission visiting Kwangtung in 1952 was received

by officials of the Provincial OCAC, the Public Relations Office of the provincial government, the UFWD of the South China Bureau, and the recently established overseas Chinese middle school. As was the case in other provinces the visiting groups inspected the facilities and were solicited to make financial contributions. See, for example, SCMP 462, November 29, 1952, pp. 28-29 on a mission to Fukien.

104. In January, 1953, the GAC Cultural-Educational Committee called a conference of regional committee chairmen to formulate the annual work plan. The conference was characterised by discussions of impending readjustment and consolidation in the education field. See SCMP 507, February 2, 1953, pp. 4-6.

105. SCMP 649, September 11, 1953, pp. 34-35.

106. SCMP 932, November 19, 1954, p. 14.

107. CB 165, March 14, 1952, p. 18.

108. SCMP 82, March 12, 1951, p. 25.

109. Ibid., p. 25.

110. Ibid., p. 25.

111. Fitzgerald, China and the Overseas Chinese..., p. 225 note 6.

112. Vogel, Canton Under Communism..., p. 102.

113. Ibid., pp. 102-103.

114. CB 51, January 10, 1951, pp. 2-7. Also see ibid., pp. 96-98.

115. SCMP 31, November 6, 1950, p. 26 and SCMP 41, November 6, 1950, p. 14. Dependents who were engaged in an occupation capable of maintaining themselves in whole or in part, and those who lacked the labor power to participate in agricultural production were identified in this group too.

116. Fitzgerald, China and the Overseas Chinese..., p. 226 note 12.

117. In 1956, Lo Li-shih, Chairman of the Kwangtung OCAC, speaking of the land reform period prior to changes in the treatment of domestic dependents, pointed out that "it was natural that in the situation of the Korean War and the attacks on the peasants by southern feudal forces, the first task was to mobilise the masses". Fitzgerald, China and the Overseas Chinese..., p. 226, note 14. Fitzgerald takes the position that "the Chinese government either assumed that it could count on overseas Chinese support irrespective of how the dependents were treated, or else was not particularly concerned with the responses of Chinese abroad", p. 56.

118. Lu, Programs of Communist China..., pp. 75-76.

119. SCMP 527, February 19, 1953, pp. 21-24.

120. SCMP 557, April 25, 1953, p. 28.

121. Fitzgerald, China and the Overseas Chinese..., p. 56, 225 note 15.

122. Ibid., p. 57. The following liberally draws on data provided by Fitzgerald.

123. CB 289, August 25, 1954, pp. 7, 15.

124. The dependents could, for example, use remittances for hiring labor or lending money. Fitzgerald, China and the Overseas Chinese..., p. 57.

125. SCMP 681, October 29, 1953, pp. 24-27.

126. Fitzgerald, China and the Overseas Chinese..., p. 58.

127. SCMP 681, October 29, 1953, p. 25.

128. Vogel, Canton Under Communism..., pp. 116-118. It is interesting to note that the dependents in Central Kwangtung had been very resistant to the land reform movement, and had attempted to sabotage the movement. Not only did T'ao Chu give personal direction to the cadre conference held in Central Kwangtung, but the conference there was to serve as a model for cadre rectification campaigns elsewhere in the province.

129. CB 226, October 28, 1952, "The Present Situation in Kwangtung and Our Tasks and Mission," by T'ao Chu, Fourth Secretary, South China Sub-Bureau, pp. 5-6.

130. SCMP 1348, August 6, 1956, p. 16.

131. Vogel, Canton Under Communism..., p. 116.

132. It may be suggested that Fang Fang's dismissal from Kwangtung was in part due to his opposition to the severity with which land reform was prosecuted among the domestic dependents. He may have realised that the political and financial support of the dependents necessitated concessions of their interests and demands. In this light, Fang Fang's subsequent appointment as a Vice-Chairman of the central OCAC suggests that his views were borne out. His oppositional stance by definition an incorrect or deviationary one at that time, required that he be removed from Kwangtung since his presence there would have been a continual reminder that the Party had made a rather glaring miscalculation. In addition, his consistent defense of a specific societal group may have given him a personal, popular power base. Fang Fang's OCAC appointment

may have both acknowledged the validity of his views and at the same time provided an opportunity for the centre to censure his opinions more quickly and effectively.

133. It is assumed that the organisation mission of the provincial party apparatus is to promote socialist values in society and effect changes which support those values. In pursuing this mission, value trade-offs are often involved and the best means to effect change is frequently debatable. In other words, these are sources of conflict within the provincial party apparatus, among the various provincial parties, and between them and the central party machinery. That the Kwangtung party apparatus had a concern for equitable distribution within the province, therefore, does not entail making a "monolithic party" argument. It is possible of course that the Kwangtung party had made a particular trade-off: economic development was regarded as a higher priority than equitable distribution. On Meng-chueh's remark, quoted in the text, that some provincial party members were "backward in thought and faulty in their style of work" could be construed in this way. Nevertheless, the argument presented in the text is more clearly supported by the available evidence.

134. SCMP 413, September 2, 1952, pp. 16-18.

135. Ibid., p. 16.

136. Ibid., p. 16.

137. SCMP 703, October 31, 1953, p. xx.

138. Ibid., p. xx.

139. Fitzgerald, China and the Overseas Chinese..., p. 21.

140. Ibid., p. 16. Fitzgerald has noted the liaison function between the central OCAC and lower levels, as well as between the central OCAC and other central level organisations.

141. The Kwangtung and Fukien branches were established in early 1950. Kwangsi, with 100,000 dependents, established its branch in 1955; Yunnan, with 50,000 dependents, did not set up the equivalent of a provincial branch until mid-1956; and Chekiang finally set up a branch at the end of 1956. See ibid., pp. 212 note 18, 214, note 3, 217 note 43. By mid-1954, the Kwangtung Provincial Overseas Chinese Affairs Committee had at least 27 district branches established. In overseas Chinese home districts where branches had not yet been set up, the hsien civil affairs department was temporarily in charge of overseas Chinese affairs. See SCMP 825, June 9, 1954, p. 45.

142. Data on the membership of the 1st OCAC were collected from a number of SCMP reports and Fitzgerald, China and the Overseas Chinese..., pp. 199-206. For native places, see Union Research Institute, Who's Who in Communist China, vol. I, II (Hong Kong: Union Press Limited, 1969).

143. The Revolutionary Overseas Chinese Bulletin (1967), cited in Ch'iao Chien-sen, "Overseas Chinese Affairs Work in Communist China in 1967," in Union Research Institute, Communist China in 1967, (Hong Kong: Union Press Limited, 1969), p. 248. It is clear that Fang Fang had very strong local ties: during his period of service in Kwangtung he had been accused of appointing relatives to provincial posts. See Vogel, Canton Under Communism..., p. 105.

144. Fitzgerald, China and the Overseas Chinese..., p. 217 note 27. Fitzgerald points out that the work conferences were "concerned either with current domestic matters generally, or with specific problems like education for returned Overseas Chinese youth, or domestic Overseas Chinese participation in agricultural production. It is at the work conferences that the basic problems of administration are discussed in detail," p. 20.

145. Ibid., p. 217 note 27. Fitzgerald mentions, for example, that "conferences on State Overseas Chinese Farms ... were held on Hainan Island, where the exemplary Hsing-lung Overseas Chinese Farm was located." Hainan Island falls under the jurisdiction of the Kwangtung government.

146. SCMP 1724, February 26, 1958, p. 39.

147. Data on membership in the 1st OCAC were collected from a number of SCMP reports and Fitzgerald, China and the Overseas Chinese..., pp. 199-206. For concurrent memberships, see Union Research Institute, Who's Who in Communist China, vol. I, II (Hong Kong: Union Press Limited, 1969).

148. With respect to the ROCA's, one of their principal functions was to encourage the domestic dependents and the overseas Chinese to invest their money in the establishment and operation of enterprises in Kwangtung.

149. Fitzgerald, China and the Overseas Chinese..., p. 23, 31-32, 88. Also see CB 390, June 25, 1956, p. 12.

150. For example, the Kwangtung representatives in the 1st OCAC included: Yi Mei-hou, member of the Kwangtung OCAC, member of the Board of Directors of the Kwangtung Overseas Chinese Industrial Development Company, Vice-Chairman of the Canton Investment Company, and Chairman of the Canton Federation of Returned Overseas Chinese. Huang Chang-shui was Vice-Mayor of Canton, Chairman of the Board of Directors of the Canton Investment Company,

and Chairman of the Canton Federation of Industry and Commerce. Fang Chun-chuang was Director of the Kwangtung Overseas Chinese Investment Corporation, Vice-Chairman of the Canton Overseas Chinese Affairs Bureau (OCAB), and a member of the Kwangtung OCAC. Chou Cheng was Vice-Chairman of the Kwangtung Returned Overseas Chinese Association (ROCA), and Chairman of the Hainan District ROCA. Fang Fang was Vice-Chairman of Kwangtung. See Union Research Institute, Who's Who in Communist China, vol. I, II (Hong Kong: Union Press Limited, 1969). Members of the 1st OCAC who were representing Kwangtung and were concurrently on the Board of Directors of the Kwangtung Provincial Overseas Chinese Investment Company can be found in SCMP 1016, March 26, 1955, p. 13.

151. The variety of group interests represented within the OCAC is clearly illustrated in the listing of overlapping memberships in the 3rd OCAC appointed in 1959. See Fitzgerald, China and the Overseas Chinese..., pp. 199-206.

152. See Union Research Institute, Who's Who in Communist China, vol. II (Hong Kong: Union Press Limited, 1969), for Wang Yuan-hsing. For Teng Wen-chao, see SCMP 230, December 7, 1951, pp. 5-6.

153. A. Doak Barnett, Communist China and Asia, p. 186.

154. SCMP 275, February 15, 1952, pp. 21-22; SCMP 396, August 11, 1952, pp. 20-21; Lu, Programs of Communist China, p. 66.

155. Fitzgerald, China and the Overseas Chinese..., p. 22.

156. Union Research Institute, Who's Who in Communist China, vol. I (Hong Kong: Union Press Limited, 1969), pp. 297-298. Huang was a native of Fukien.

157. SCMP 1682, November 23, 1957, pp. 37-38.

158. For membership in the 3rd OCAC, see United States Department of Commerce, Directory of Chinese Communist Officials, vol. I (Washington, D.C.: United States Government Printing Office, n.d.), p. 169. For native places and overlapping memberships, see Union Research Institute, Who's Who in Communist China, vol. I, II (Hong Kong: Union Press Limited, 1969).

159. SCMP 82, March 11, 1951, p. 29.

160. Ibid.

161. Teng was subsequently named a Vice-Chairman of the Kwangtung OCAC. See SCMP 1250, March 12, 1956, p. 22. For an account of the hotel project, see SCMP 230, December 7, 1951, pp. 5-6.

162. Ibid. Investing were the General Administration of the Peking Youth Cultural Service, and the Central Bureau of Transportation of the Ministry of Communications.

163. It is possible that the central OCAC had invested funds in the project: Chang Po-chun, Minister of Communications, was a sponsor of the project, presumably due to the Ministry's financial interest in the project. Ibid.

164. The 14 sponsors listed in Ibid. See Union Research Institute, Who's Who in Communist China, vol. I, II (Hong Kong: Union Press Limited, 1969) for native place and dual memberships.

165. Wu, Dollars, Dependents and Dogma..., p. 177. Similarly, with respect to remittance investment in school construction and maintenance, local state organs were asked to "show their concern and give guidance and help and commend [investors] if necessary," p. 177.

166. SCMP 985, February 8, 1955, pp. 19-20.

167. Ibid.

168. Ibid. Also see Wu, Dollars, Dependents and Dogma..., p. 54, p. 205, note 42, p. 206, note 43.

169. SCMP 989, February 7, 1955, p. 16.

170. SCMP 988, February 13, 1955, p. 22.

171. SCMP 190, October 3, 1951, p. 23. The Kwangtung interests represented included the Hainan Financial and Economic Committee, the Canton Branch of the China Import-Export Company, the Canton Foreign Trade Bureau, the Canton Financial and Economic Affairs Committee, and the Kwangtung Department of Industry.

172. SCMP 1014, March 24, 1955, p. 6.

173. Ibid. For Huang Chieh's biography, see Union Research Institute, Who's Who in Communist China, (Hong Kong: Union Press Limited, 1969), p. 300.

174. SCMP 1263, April 5, 1956, p. 35.

175. SCMP 1587, August 5, 1957, pp. 36-38. Hsu Sheng-chou explains the demands expressed by the overseas Chinese which led to the adoption of the central government's investment policy, and compares them with Kwangtung's investment policy of 1955.

176. Ibid., p. 37.

177. Ibid., p. 37.

178. Audrey Donnithorne, China's Economic System, (London: Allen and Unwin, Ltd., 1967), pp. 406-407.

179. Wu, Dollars, Dependents and Dogma..., p. 54. SCMP 1518, March 16, 1957, p. 43.

180. SCMP 1518, March 16, 1957, p. 43.

181. Ibid.

182. Ibid.

183. SCMP 1587, August 5, 1957, pp. 36-38.

184. The involvement of the Standing Committee of the National People's Congress is formally correct. The 1954 Constitution identifies the National People's Congress as the highest organ of state power, has legislative authority, and the executive organ of the National People's Congress is the State Council. For a brief discussion, see Audrey Donnithorne, China's Economic System, (London: Allen and Unwin Ltd., 1967), p. 20.

185. For the State Council directive text, see SCMP 1587, August 2, 1957, pp. 35-36; for the Kwangtung measures, see SCMP 988, February 13, 1955, p. 22 and SCMP 1014, March 24, 1955, p. 6; for Hsu's revealing comments, see SCMP 1587, August 5, 1957, pp. 36-38.

186. Wu, Dollars, Dependents and Dogma..., p. 55.

187. Ibid., p. 46.

188. Fitzgerald, China and the Overseas Chinese..., pp. 162-184.

189. Ross Terrill, 800,000,000 The Real China, (New York: Dell Publishing Co., 1971), p. 195.

CHAPTER V

CONCLUSION

The purpose of this study has been to determine whether subnational forces in the People's Republic of China have influenced that state's foreign policy. Two case studies are presented which explained foreign policy decisions in terms of provincial forces impinging upon the policy-making process. Conclusions pertaining to each of the decisions analysed have been presented at the end of each study. It remains to evaluate the case studies in terms of the group approach and assess the general utility of the approach to analysis of Chinese foreign policy decisions.

The interest group approach provides a framework for the explanation of policy outputs. The composition of interests and the distribution of power in society are key factors determining the substantive content of authoritative decisions. In this study, group interests, power resources, and access have been posited as independent variables influencing policy outputs. Does the evidence fit the model? Both case studies presented strong evidence indicating the many and varied subnational interests at stake in the remittance protection and grain import decisions. State institutional groups in Kwangtung province had an interest in promoting overseas remittances in order to finance provincial economic development. The Departments of Industry, Commerce, and Education, and the provincial investment company were partially dependent on overseas funds to support their various local programs. The domestic dependents, of course, had an interest in remittance protection and rules affirming their right to use remittances. These interests

were aggregated by the Kwangtung Overseas Chinese Affairs Committee and advanced to the Overseas Chinese Affairs Commission (OCAC).

In the grain import study, a number of intra-provincial interests were aggregated and promoted by the provincial authorities. The middle peasants had an interest in retaining surplus grain and the opening of rural free markets. Due to their economic interests, the middle peasants opposed domestic grain procurement. The Agricultural Producer's Cooperatives and the communes displayed their opposition to procurement by refusing to sell grain to the state. The rural cadres realised that it was in their career interests to be lenient during grain procurement. The provincial authorities had an interest in assuring their citizens received adequate grain supplies and production incentives. Grain leaving a province for other areas did not contribute to meeting these needs. Obviously, a variety of provincial interests were at stake in the grain supply issue.

The evidence for provincial power resources is more detailed in the study of the grain supply issue than that in the remittance study. Nonetheless, it is clear that in both cases provincial authorities had power resources at their disposal with which to press demands on decision-makers. Important power resources included the possession of relevant information, decision-making authority, and control over the appropriate implementation apparatus. Officials in Kwangtung province, for example, had relevant information and expertise in the area of overseas Chinese affairs, including remittance protection and promotion. Moreover, the concentration of domestic dependents in Kwangtung and the importance of remittances to the local economy lent credibility to

provincial demands. In the grain supply study, it was found that the wheat provinces had control over the local grain procurement apparatus, and possessed a variety of decision-making powers which allowed them to determine the quantities and types of grain procured. From 1958, provincial control over the disposition of surplus grain strengthened their position vis-a-vis the central authorities.

It is through access channels that group interests are conveyed to decision-makers. Two key channels are organisational linkages and overlapping memberships. In the remittance study, both types were found to exist. Prior to 1955, organisational linkages were limited virtually to Kwangtung and Fukien. The Overseas Chinese Affairs Committees in these two provinces effectively dominated organisational access to the central OCAC. It was found that there were overlapping memberships between the provincial level and the central OCAC. A number of individuals who held senior level positions in Kwangtung-based groups were found to have held concurrent memberships in the central OCAC. Moreover, the provincial groups to which they belonged had an interest in promoting remittances. In the wheat study, organisational linkages between the provincial food bureaus and the central Food Ministry (FM) were identified. Officials in the wheat provinces did not have overlapping memberships in senior level posts in the FM in 1961. Access to the FM was assured, however, by central-provincial conferences on grain issues. These intergovernmental meetings provided provincial officials with the opportunity to articulate subnational interests and be direct participants in the decision-making process without having overlapping memberships.

Can it be inferred that the provinces influenced the decisions taken concerning remittances and grain imports? In Chapter II, several criteria were set out which can be used to make inferences concerning influence. In brief, five criteria were presented: (1) the issue must be relevant to the hypothesised influencer; (2) the articulation of interests must precede the promulgation of policy; (3) the hypothesised influencer must have power resources with which to exercise influence; (4) the hypothesised influencer must have access to the decision centre; and (5) the interests of the hypothesised influencer must be accommodated by the policy output.

As discussed above, it was found that specific provincial interests were at stake in both policy issues. The analysis of provincial interests indicated why provincial authorities sought to influence the decisions taken. The analysis of power resources and access showed that the provinces had the capability and the opportunity to influence decision-making in directions favorable to their interests. In both cases, the provinces involved participated in the decision-making process.

The articulation of provincial interests was found to have preceded the promulgation of state policy. In the remittance case, efforts were made at the provincial level in 1953-54 to promote the inflow of overseas funds. In the grain import case, there was evidence of widespread, persistent opposition to domestic grain procurement prior to the fall of 1960.

Finally, the decisions taken accommodated relevant provincial interests in both cases. Kwangtung interests, which focused on

increasing the inflow of remittances, were incorporated directly in both the 1955 remittance protection policy and the 1957 decision to give preferential treatment to investment remittances. The grain import decision also accommodated provincial interests, though in a different sense. In this case, the import decision represented an effort by the FM to surmount decisional constraints imposed by powerful domestic interests. In other words, a foreign policy decision was forthcoming because the provincial authorities, in pursuing their own interests, had foreclosed the FM's domestic procurement alternative.

On the basis of the criteria employed, it can be inferred (though not directly demonstrated) that the power and interests of subnational authorities were contributing factors in the remittance and grain import decisions taken by the central government. Obviously, if evidence concerning group interests, power resources, and access could not be found with respect to a particular political system, then the group approach would hardly be useful for explaining that system's policy outputs. However, it has been found that in the Chinese case there is some empirical evidence in support of the model, and that it can illuminate the relationship between subnational forces and Chinese foreign policy decision-making.

Subnational forces notwithstanding, the focus of the case studies is narrow and does not attempt to analyse other important domestic factors. Ideology, both as a factor promoting decisional compromise and as an independent variable in its own right, has not been used as an explanatory concept. In the studies presented, ideological constraints have been taken as an environmental given. Although ideology can

establish a consensual basis for decision-making and impose limits on conflict, it does not seem to preclude aggressive competition and contention. Of course, the relative weight of subnational interests and ideology in the foreign policy decision-making process cannot be assessed conclusively in the studies presented here. This issue could be addressed in future research on the relationship between subnational interests and Chinese foreign policy.

There are, of course, alternate approaches which could be used to analyse the foreign policy decisions presented here. The rational actor model treats a state as a single, rational unit which makes decisions on the basis of goals such as national security and national interests. The state's decision is that alternative which will yield consequences congruent with strategic goals and objectives. According to this model, the problem of scarce foreign exchange was resolved in part by deciding to encourage overseas Chinese to remit funds to China. In effect, the decision to protect remittances was in the national interest. Similarly, it could be argued that the Chinese government began to import grain because of various national security considerations. The government recognised that unpredictable weather combined with grain production increases which barely kept ahead of population growth, presented a potential threat to political stability, as well as a danger to national health and welfare in general.

Foreign policy outputs also can be explained by an organisational model. Decisions are outcomes generated by a variety of interacting governmental organisations that have diverse perceptions of and interests in a particular issue. From the perspective of creating new

international markets for Chinese textiles, the Ministry of Foreign Trade may have found it desirable to accept grain imports in order to balance bilateral trade. Similarly, the Ministry of Foreign Affairs, facing the disruption of Sino-Soviet relations and constantly seeking to broaden China's international contacts, promoted closer ties in a variety of areas with Western industrial states in the early 1960s. A strong trade connection with Canada, Australia, and Argentina could have been regarded as a step toward the eventual establishment of diplomatic relations.

Other approaches, such as the decision-making model and the bureaucratic politics model also could be applied. Because all of these models, including the interest group approach, stress limited and different sets of variables, the models generate different partial explanations of foreign policy decisions. Consequently, it is important to recognise that whatever middle-range model is applied, there are many variables not being considered.

There are several types of Chinese foreign policy decisions which can be clarified in terms of contending subnational interests. It is noteworthy that both of the decisions analysed in this study reflected the concern of provincial officials for stimulating local economic development. Kwangtung authorities sought more funds for investment in the local economy by tapping overseas sources. Officials in the wheat provinces realised that they were providing an important production incentive by allowing the peasants to retain surplus grain. The case studies indicate, therefore, that Chinese foreign policy decisions can be taken in order to satisfy local economic development

needs. Allen S. Whiting recently has examined the relationship between leadership politics and foreign trade decisions in respect to whole plant imports. In part, Whiting found that, "... a careful tracing of the ebb and flow as well as the content of press attacks against reliance on foreign technology between 1971 and 1976 showed no correlation with the timing of policy decision and implementation or any relevance to the economic pitfalls of the program. Instead, the media campaign began in 1974, after the program had peaked."[1] The studies on remittance policy and grain import policy indicate that a more direct relationship between domestic politics and whole plant imports may be found by focusing on the subnational level of the domestic environment. More generally, the case studies suggest further research on subnational linkages to Chinese foreign policy outputs may be fruitful in the area of foreign economic and trade policies. This impression is reinforced by Donnithorne's hypothesis that provincial foreign trade interests are an important influence on Chinese foreign trade policy.[2]

It should be noted that while provincial interests may be more visible in the area of foreign trade policy, they also impinge upon other aspects of foreign policy. For example, provincial interests have been identified in the Sino-Burmese border dispute in 1956.[3] It would be surprising if provincial interests were not at stake in other border disputes. Knowing whether provincial interests have been a factor preventing or supporting the resolution of such disputes could contribute to our understanding of China's views on international boundaries.

Not all foreign policy outputs, of course are influenced significantly by the domestic environment, including subnational forces. A variety of foreign policies are fashioned in response to external stimuli. For example, opposition to superpower hegemony in the Middle East and Africa, global strategic policy, major foreign aid programs, relationships with international organisations, and disarmament policy have been determined largely in response to international actors, events, and trends.[4]

Further research on the linkage between provincial power and interests and Chinese foreign policy may be profitable in other areas as well. As early as 1951, the Chinese themselves had acknowledged the existence of an interrelationship between domestic politics and foreign policy:

> Foreign policy is an extension or expansion of domestic policy, and it is impossible to have a foreign policy that is completely isolated from the domestic policy. It is closely co-ordinated with the economic, cultural and military policies. On the other hand, though the formulation of a foreign policy is based on the [domestic] character of the country concerned, it is also necessary to analyse the immediate international situation, i.e., to decide from this objective matter its diplomatic action and steps. Consequently, the foreign policy also affects in turn the domestic policy.[5]

It would appear that there are aspects of Chinese foreign policy other than economic and trade issues which may be linked to domestic politics. Of course, the broad question of the affect of Chinese foreign policy on subnational domestic politics has not yet been raised.

FOOTNOTES TO CHAPTER V

1. Allen S. Whiting, Chinese Domestic Politics and Foreign Policy in the 1970s, (Ann Arbor: Center for Chinese Studies, The University of Michigan, 1979), p. 2.

2. Audrey Donnithorne, "The Internal Development and External Relations of China with Especial Reference to the Future of Sino-Soviet Relations," Australian Outlook, August 1969, pp. 144-157.

3. Roger Dial, "Looking for Functional and Regional Interests as Independent Variables in Chinese Foreign Policy: The Sino-Burmese Border Case," prepared for presentation at the Western Conference of the Association of Asian Studies, Salt Lake City, November 9-11, 1972, 62 pp. (mimeographed).

4. See, for example, Robert G. Sutter, Chinese Foreign Policy After the Cultural Revolution, 1966-1977, (Boulder: Westview Press, 1978), and Tang Tsou (ed.), China in Crisis, vol. 2, (Chicago: University of Chicago Press, 1968). It also should be noted that, in the broad sense, domestic politics can affect even these types of international relationships, as was the case during the Cultural Revolution. See Roger L. Dial, "Defense of Diplomatic Functions and Ideals During the Cultural Revolution: The Nepal Case," in Chun-tu Hsueh (ed.), Dimensions of China's Foreign Relations, (New York: Praeger Publishers, 1977), pp. 256-279.

5. Yitzhak Shichor, The Middle East in China's Foreign Policy, 1949-1977, (London: Cambridge University Press, 1979), p. 191 quoting from Yeh Ming, "Foreign Policy of New China," Shih-chieh chih-shih (World Knowledge), No. 3, January 20, 1951, in CB 65, March 15, 1951, p. 5.

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Abbreviations:

CB Current Background, United States Consulate-General, Hong Kong.

ECMM Extracts from China Mainland Magazines, United States Consulate-General, Hong Kong.

FEER Far Eastern Economic Review, Hong Kong.

SCMM Selections from China Mainland Magazines, United States Consulate-General, Hong Kong.

SCMP Survey of the China Mainland Press, United States Consulate-General, Hong Kong.

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